FAR EASTERN

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MALAYAN INDEPENDENCE

The Chief Minister of Malaya (Tengku Abdul Rahman) told a cheering crowd of Malayan students in London that the Federation of Malaya would be granted independence on August 31, 1957. He also stated that his mission had obtained control of finance and of internal defence and security. That meant that the prosecution of the war against the Communists would be under the control of a Malayan Minister, he added. He also declared that a scheme had been worked out under which no expatriate officials would suffer when the civil service is Malayanized. The agreement was signed in London on February 8 and was then officially released. The Secretary of State described the event as an historic occasion and a very important day in the long and honourable association of the peoples of Malaya and the United Kingdom. The agreement now goes to the Queen and to the Malayan Conference of Rulers for approval. "It is not a victory for either side," said Mr. Lennox Boyd. "It is a recognition of Malaya's new status and of our common interests."

Details of a Defence and Mutual Assistance Treaty between Britain and an independent Malaya will be worked out as soon as possible by a working party in Malaya. This group will include the British Commissioner-General in South-east Asia (Sir Robert Scott) as Chairman, while the Australian and New Zealand Governments are being invited to send observers. A Constitution for Malaya is to be drawn up by a Commission to be appointed as soon as possible and to consist of independent experts from the Commonwealth countries. Between now and full independence Britain will still have direct responsibility for Malaya's external defence and foreign affairs. After independence Malaya will be fully responsible for both and the Anglo-Malayan defence and mutual assistance treaty will become applicable. An Emergency Operation Council will take the place of the present Committee organising the war against the terrorists, under a Malayan Minister of Internal Defence and Security as Chairman, of which the present British Director of Operations will be a member. He will also retain operational command.

The Malayan Delegation told the Conference that it was Malaya's intention after independence to remain within the Sterling Area, of which Britain is the banker. Malaya, incidentally, is the Commonwealth's greatest dollar earner through its exports of rubber and tin. Malaya agrees that in the meantime restraint must continue in dollar expenditure in conformity with the policy generally followed in the Sterling Area. Malaya will in future send a delegation to all meetings of the Commonwealth Finance Ministers, and she will also continue to encourage overseas investment, industry and enterprise and to look on it with every assurance of fair and considerate treatment and without fear of discrimination. Britain in turn has agreed to hold a meeting with Malaya to discuss any financial assistance she may need towards the cost of fighting the Communists. The Conference also noted Malaya's necessity to expand her economic and social development and to maintain reserves at a high level as a safeguard against possible fluctuations in rubber and tin prices before the rubber replanting schemes bear fruit. Britain also under-

takes, after Malayan independence, to finance certain capital costs of expansion of the Malayan armed forces, and will be ready to examine sympathetically Malaya's borrowing needs on the London market for development plans.

The control of the public services will pass to the Malayan Government and an independent Public Services Commission will have the right to retire officials on giving due notice. A compensation scheme will be introduced on July 1, 1957. If the Rulers wish, British Advisers will be withdrawn. As for the Constitutional changes necessary, the working party which will negotiate the proposed defence and mutual security treaty will make recommendations on the detailed provisions of a treaty of defence and mutual assistance. In doing so it will bear in mind the general principles laid down in the agreement. These provide for the right of the U.K. to maintain in the Federation the forces necessary for the fulfilment of Commonwealth and International obligations and the facilities needed for the maintenance and support of these forces, which would include the Commonwealth strategic reserve; while in turn the British Government will assist the Federation Government in its external defence and will consult it in regard to the exercise of rights under the Treaty.

The Chief Minister of Malaya said later that the results of the conference should leave no doubt whatsoever in the minds of the Communist terrorists in Malaya that he was now qualified to speak as the leader of the Federation Government as well as the people of the Federation. "In such a position," he added, "I have every confidence of restoring peace to my country." He felt the new arrangements would enable the people of Malaya to identify themselves more directly and closely with the war against the Communist terrorists. In this connection he recalled the discussion with the Chinese Communist leader Chin Peng, when he said that "if you obtain control of internal defence and security, we shall lay down our arms." The results of the London conference, he said, should leave no doubt whatsoever in the minds of the Communists as well as the people of the Federation, and in such a position he had every confidence of restoring peace to the country. To those who objected to the right of the U.K. to retain forces in the Federation for external defence and the fulfilment of British and Commonwealth defence commitments, he would say that the Federation must make a contribution to the peace and well-being not only of the Commonwealth but also of the world.

Tengku Abdul Rahman, who celebrated his 52nd birthday the same day, said the best present he had ever received was the promise of Malaya's independence by August 31 next year. Dr. Ismail presented him with a set of gold cuff-links and studs as a birthday present, from his colleagues of the Malayan Delegation in London. And while the Tengku said he had obtained almost everything he wanted and on a gold platter, members of all political parties in the House of Commons expressed similar

PEKING'S NEED OF THE INTELLIGENTSIA

Chairman Mao Tse-tung, Premier Chou En-lai and other top level Communist leaders in Peking are now advocating a more sensible attitude toward the Chinese intelligentsia. The Central Committee of the CCP held a conference lasting a whole week until January 20 in Peking, which was devoted to the question of the intellectuals, who have been the cockshies of the Party pedants ever since the People's Government took over. There is a new mood in high places nowadays. It is a chastened mood as well as a more moderate and responsible mood that derived from the organizational successes attained in the peasant policies since Mao Tse-tung himself dramatically resumed the role as well as the title of leader at the end of July with his call for full steam ahead in the rural areas, as the timorous and cautious echoes of the National Congress reports and speeches were still audible.

This speech is likely to be remembered in history when many others are forgotten, for it was an utterance of bold, confident leadership which turned events in a direction quite different from that in which they were drifting. The Party workers in the countryside had the wind up, and not without reason. The bureaucrats in Peking acted as if the jitters among the rural underlings had communicated themselves all the way up the steps to the highest members of the State Council. Into this tremulous atmosphere Mao Tse-tung (who had made no major speech and maintained a remarkable silence for two years) suddenly erupted. He likened the Party officials to an old woman with bound feet who railed at passers-by trying to hurry her along, and said they were in a state of fright of dragons and tigers they saw in front of and behind them. The clarion call then issued to advance breast forward in the vast countryside and multiply the producer co-operatives was answered in staggering measure: perhaps because the spirit of the approach was much less hostile than it seemed to be when Liu Shao-chi was permitted to don the mantle of chief panjandrum while Mao Tse-tung went "on holiday" or remained in the background.

Promises to the peasants were followed by processes of "painless extraction" applied by stages to the capitalist and entrepreneur in the major cities. Now the same softer methods of winning friends and influencing people has been applied to the intellectuals. Mao Tse-tung in a speech on the last day of the conference on the intellectuals called on all members of the CCP to learn scientific knowledge diligently and to unite with the intellectuals outside of the Party so as to strive to catch up quickly with the advanced level of the world's sciences. The Communists have found they cannot do without the "brains" of their country. So they devoted the conference to considering how best they could ensure their co-operation in the tasks ahead. Of course they had to be re-moulded but only as a sort of sideline to the major aim of recruiting them for the tasks of construction, in which indeed many have already been doing good service. More could have done so but for the pedantic Party black marks against them. The Party claimed "immense achievements" in re-moulding them, but actually inferred that they needed a little re-moulding themselves because of the "many shortcomings and errors" exposed. Speakers submitted many important proposals on how to improve the utilisation and assignment of intellectuals so as to give them confidence and support; how to improve their working conditions and treatment (some have been treated as outcasts); how to help them further to re-mould themselves; and how in the near future to develop rapidly the science and culture of China and raise the professional skill of intellectuals and swell their ranks.

Premier Chou En-lai delivered a report on this and other subjects in much the same spirit to the National Committee of the P.P.C.C., the advisory body which now serves as the organ of the united front. He admitted that the number and skills of China's intellectuals were insufficient to cope with the urgent demands of national construction, and it became necessary to make more use of the present force of intellectuals, and make it possible for them to contribute their best to the country. Greater confidence should be shown in them, said the Premier, and more support and encouragement be given to their work, while their working conditions should be improved and material rewards increased. In appealing for more active contributions from the intellectuals to the cause of Socialism, he said that "the alliance of workers, peasants, and intellectuals" throughout the country would grow stronger from day to day, and enable China to emerge as a highly cultural nation.

Only a very small proportion of China's intellectuals belonged to the Communist Party before they assumed power in the wake of the Red Army. Many of them had no doubt

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satisfaction, while the Australian Minister of External Affairs, Mr. R. G. Casey, offered his country's assistance to meet the new tasks when full independence was granted.

In London the papers drew attention to some of the difficulties and risks involved in this new and momentous phase for Malaya, but there was nevertheless an emphatic and unanimous note of approval of the agreement irrespective of the affiliations of the various papers. The risks fall upon both parties but the British decision was, it was agreed, the only one possible. The emancipation of Malaya was regarded as a necessary part of the ending of Western rule in Asia, and while Tengku Abdul Rahman had got all he wanted Britain in turn could congratulate herself on ending a "dangerous phase" in its connection with Malaya, where it might have been caught as were the French in Indochina and the Dutch in Indonesia. But it was doubted whether the new regime, despite its newly-acquired prestige, could bring an end to the Communist rebellion. Even so, the Tengku can now proclaim, if it becomes necessary, a people's war against the terrorists while first testing the genuineness of the Communist undertaking to lay down their arms when internal security is in the hands of the elected Government of Malaya. The next step is the Confederation of Malaya and Singapore. It is unfortunate in many ways that the negotiations in London did not take place simultaneously and so take care of the entire problem of the unification of all British territories in South-east Asia. As it is, the Anglo-Malayan agreement has left the Chinese in Singapore somewhat uncertain of their fate. But unity on the basis of Confederation will sidestep several otherwise insoluble problems and gradually knit the interests of all these territories in an indivisible whole.

devoted a certain amount of study to the Marxist theories as to other doctrines and philosophies, for the Chinese scholar has been nothing if not catholic in his search for the truth in this century. For the past half-century (after the old scholars had sealed themselves up in the ancient classics) the Liang Chi-chao and Hu Shih schools dominated intellectual circles and there was hardly a single Western philosopher who did not engage their interest. But Marxism clearly repelled most of them, and when the Communists took over not one scholar of first rank was to be found in their ranks. Even Kuo Mo-jo, who has not been admitted to the inner core of the Party hierarchy but has been the most publicised scholar in the Government, is more of a political and propagandist for a Commmunist peace than a scholar in the traditional sense. Perhaps this accounted for the almost insensate hostility displayed by the Party—and even the zealous undergraduates—to the professors and other members of the intelligentsia after the take-over, when the faculty of Yenching and other dignified universities were subjected to gross humiliations, if not worse, before being driven out of their institutions.

A whole series of campaigns has also been carried out against the intellectuals by the Party pedants, right up till the end of 1955. The major targets, or scapegoats, in the past year or so were the scholarly Professor Yu Ping-po, whose commentary on the great modern novel "Dream of the Red Chamber" was ferociously assailed by Party pundits on the ground that his approach was non-Marxist—as if the author had ever heard of Marx when he wrote it a couple of centuries ago. A couple of young radical graduates were used, or allowed, to unleash the dogs of doctrinal fury on his unhappy head, and soon all the orthodox underlings were in full cry. To an outsider the whole campaign was ridiculous, out of line with the true Chinese tradition, and only to be compared with the more preposterous exercises of Stalin's anti-intellectual henchmen.

Then came the terrific hullaballoo from the pundits about the head of another leading scholar, Hu Feng, an old friend and colleague of the Communist Gorky, Lu Hsun. He was a bird of different plumage, and he was undoubtedly really hostile to the small coterie running the politics of literature from their stronghold behind the scenes in Peking. The Party leaders were perhaps more frightened than the victims themselves. The letters between Hu Feng and his many correspondents showed much of the courage and independence of spirit which have always characterised the Chinese literatti. The Party "scholars" have always had something of an inferiority complex in relation to the men of undoubted eminence in the world of the intellect. Not one of them had ever ranked higher than among the third strata of Chinese scholars by the yardsticks commonly applied in China. And this exchange of correspondence, which the writers were forced to hand over to the inquisitors, revealed only too clearly how deeply the real scholars resented the dictation of the small clique in Peking, whose policy Hu Feng likened to "five daggers" thrust into the brains of the intelligentsia.

At the same time the periodical campaign against the most venerable and respected of all modern Chinese scholars, Liang Shu-ming, was resumed. He is no anti-scientist, but a tremendous apostle of the old teachings and classical wisdom of the sages, gathered not in the lifetime of a German refugee in and around the British Museum, but in centuries of intellectual and other strife, conflict and profusion of thought. Many sympathised with the veteran philosopher's ideas; very few followed him. He could easily have been ignored, and the regime would not have suffered one iota from such a policy. But the Communists are nothing if not intolerant, and the more doctrinaire they are (and the more ignorant in all other ideas but those of Marx) the more intolerant. Professor Liang, too, was much less hostile in action than in thought. He was Secretary-General of the collaborating Democratic League during wartime and edited the Kwang Ming Daily, the organ of the intellectuals and now a mouthpiece of the Party and of the bevy of renegade "observers" who, under a variety of ever-changing Chinese noms-de-plume and sometimes with even greater anonymity, are continually proving themselves more Royalist than the King in their tireless slanders against their own countrymen and Governments.

The old Professor also carried out much practical work in rural reconstruction, local self-government and village education, and was even consulted by Chairman Mao Tse-tung himself on these matters during the Yenan period. Professor Liang, unfortunately for him, repudiates the basic Marxist doctrine of class conflict, and adheres to the ancient faith that "all men are brothers". As he puts it, "other men and I are of the same substance." That is like a red rag to a bull and if the devotees of Marx were ready to overlook such a provocation, the power-and-pride ranks of the Party took even greater umbrage over his "absurd theory" that the Chinese Revolution "comes from without," or, in other words, has been imported from abroad—which is surely the most obvious thing about it, whether one thinks of Liang Chi-chao, Hu Shih, and other pioneers of pro-Western thought of the first quarter-century, or of the prayer-wheel followers of Moscow who cite the teachings and techniques of Stalin and his followers every day and in every way. The Communists have not done themselves or their beliefs the slightest good by their pursuit of this venerable but by no means venerated figure. Indeed a voluminous philippic of some 10,000 words by a Party writer using the name "Kao Fang" in the Party periodical "Hsin Chien She" (New Construction) probably convinced all who read it that the revolution, and especially the Marxist part of it, was in truth a wholesale importation. And for some reason there is nothing the Communist apologists dislike more—in spite of the incessant tributes of their leaders to Moscow.

CHINA'S "HIGH TIDE OF SOCIALISM"

The Communists in China were loudly complaining of a whole catalogue of headaches both before and after Mao Tse-tung's startling and almost jaunty speech at the end of July last to the Party secretaries telling them the peasants were leaving them behind and calling on them to stop fleeing in fear from dragons and tigers and get down to the job of expanding the agricultural producer co-operatives. But whether forced or not, there has undoubtedly been a remarkably confident and buoyant atmosphere in Peking with the arrival of the new year.

Not all the merchants and industrialists by any means went out to parade and dance in the streets in rejoicing over the transfer or conversion of their businesses. Some of those who did parade almost certainly felt very differently about the event than the Party workers and Youth League activists. But the technique was certainly much less hurtful and infuriating than those commonly used against the bourgeoisie during the "five-anti" crusade and did reflect the much happier and more confident outlook among the Party leaders, who for all their dogmatic certitude derived from Marxist

determinism have long been weighed down by their self-imposed burdens.

Indeed the resurgence of positive action initiated by the head of the Party and Government came from two conflicting sources, if the story we were told is to be credited. One is that during a rare excursion from his retreat in the capital into the countryside, Mao Tse-tung found that many of the peasants he talked to were very keen on co-operativization. They seemed to have the idea that perhaps by sheer weight they could through a helpful rather than a hostile government force the urban industrialists to work for their welfare fully as much as the latter, and the Party pundits, expected them to work for the welfare of industry. Apart from the hope of mechanisation, certainly many of them had seen co-operation in a new light after the appalling flood and other disasters visited upon the peasantry in so many of the provinces during the past few years. Indeed the achievements of the Communist party drive and mass co-operation along the Yangtze were almost miraculous. And even the most illiterate peasant has caught something of that worship of the machine which is at the root of Communism's appeal. He also wants to improve his lot. Co-operation certainly cannot make it harder. And even if he is mobilised for mass labour—for conservancy, irrigation, and other work very often to his own direct advantage—he gets his keep while on the job, and that represents a positive saving of his own expenditure even if he gets no pay.

There was also another and a far bigger consideration. There had been frequent references to the growing capitalistic tendencies among the peasants. They were in fact beginning to take things into their own hands. Some of them even began to form co-operatives outside the Party, and here and there socalled "feudal elements" like the old and still powerful secret societies took a hand in the game. This was in fact the most impelling influence of all. Even the Chinese Communist leadership, for all its drive, can relapse into inactivity. It is part of one of the most conspicuous national traits, with its own classical term which became common currency during the Nationalist revolution.

The consequences of the slackening of the Party grip and direction in the rural areas were a real cause for alarm. Consequently the Chairman of the Party and Government threw his whole influence on the side of expansion as distinct from consolidation as the safest and best remedy for the situation. But even he was as startled in turn as he startled the Party functionaries with his July directive. On January 12 the Peking People's Daily reproduced the preface which he wrote on December 27 to a book entitled "Surging Tide of Socialism in China's Countryside." The book was compiled by the Central Committee of the CCP largely for Party workers in the rural areas. In the preface, written in his own coloquial style, he says he had written another preface last September but it had become quite out of date as a result of the developments. Even the book itself had to be compiled twice, together with Chairman Mao's comments and annotations to the textual matter.

The reason for all this, he says in the new preface, is that a fundamental change took place in the latter half of 1955, and by late December over 60% of the 110 million peasant households (more than 70 million households altogether) had responded to the Party's call and joined semi-Socialist agricultural producer co-operatives. In the few months since he delivered his report on this subject to the Party secretaries last July more than 50 million peasant households had joined. "This is an event of tremendous importance," he said. "It notifies us that semi-Socialist agricultural co-operation can be practically completed in 1956 alone. In another three or four years, that is, by 1959 or 1960, the switch of co-operatives from a semi-Socialist to a completely Socialist character can be mainly completed. This event notifies us that efforts should be made to advance the time of completion of the Socialist transformation of China's handicrafts and capitalist industry and commerce; only thus can the requirements necessitated by the development of agriculture be met. It notifies us that measures regarding the scale and tempo of China's industrialisation and the scale and tempo of the development of science, culture, education and public health, etc., should no longer be taken completely in the manner originally planned. These should be appropriately expanded and accelerated."

Then he answered the question many fearful, and thoughtful, Party workers would ask at once, for this all-round rush into the future seemed to give real flesh and blood to the dragons and tigers which had frightened them in the deep countryside before. "Is the advance of agricultural co-operation at such a speed made under healthy condition?" he asked of them. "Exactly. All local Party organizations have carried out all-round leadership in this movement. The peasants have joined in this movement in a very eager and orderly way. Their enthusiasm in production developed as never before. The broadest masses have for the first time clearly seen their future. By the completion of three five-year plans, that is by 1967, the output of grain and many other crops will probably increase from 100% to 200% compared with the highest annual yield before the founding of the People's Republic. Illiteracy may be wiped out in a comparatively short space of time (for example, seven to eight years). Many diseases most seriously affecting the people, such as schistosomiasis and others which it was formerly thought could not be tackled by any means, can now be tackled. In short, the masses have seen their great future."

After all the crying down of "adventurism" by Party pundits, this was an almost staggering burst of confidence, but Mao Tse-tung went further. He declared that "the question now facing the entire Party and people throughout the country is not one of criticising rightist, conservative ideas concerning the speed of the Socialist transformation of agriculture. This question has already been settled. Nor is it a question of the speed of transforming all capitalist industries and commerce by changing them over in entire trades into joint State-private ownership. This, too, has been settled. The question of the speed of the Socialist transformation of handicrafts should be discussed in the first half of 1956. This question will also be easily settled.

"The question now is in other fields than these. They include the fields of agricultural production; industrial production and handicraft production; the scale and speed of capital construction of industry and communications and transportation; the co-ordination of commerce with other economic departments and the co-operation of scientific, cultural, educational and health work with all economic undertakings. In these fields there are defects of under-estimation of the situation which should be criticised and overcome so as to keep pace with the development of the whole situation. The people's thinking must adapt itself to the changed situation. Certainly one should not indulge in idle fancies unrelated to reality, plans one's actions beyond the conditions dictated by the objective situation, or force oneself to do the impossible. But the present question is still one of rightist conservatism doing mischief in many fields, resulting in the failure of the work in these fields to keep pace with the development of the objective situation. The present question is that many people consider impossible what is really possible if the effort is made. This is why it is extremely necessary to maintain constant criticism of rightist conservatism which really exists."

This was, in short, a trumpet call for a tremendous acceleration of development in all major fields, and not

DEVELOPMENTS IN SINGAPORE & MALAYA

The two right wing parties in the last Singapore elections, the Progressives and the Democrats, have done the obvious thing in deciding to merge in a single organisation to be called the United Liberal Party. This makes the Labour Front's slender majority even more precarious and seems to render a similar coalition or merger desirable between it and the leftist People's Action Party. But Mr. Marshall says that though he would like such an agreement, he will have no truck with Communism or with those who speak almost the same language. That may bring about a split in the People's action Party, not all of whom relish the extreme course taken by the leaders, but there is no sign of it as yet, and the Labour Front remains teetering on the edge of defeat in the Legislature.

The situation is all the more remarkable because of its complete contrast with the experience of the Malayan Federation in its first mass elections. The official report on these elections, issued in the early part of January, shows that the polling was as satisfactory in volume as its results were decisive. Even the relatively long campaign before the actual voting was almost as devoid of incident as the polling itself. There were, it is true, unsupported charges of intimidation and bribery, but there were no formal protests, petitions or accusations after the results were declared.

Of a total of about 1,600,000 Federal citizens who were qualified for the franchise, 1,280,000 became registered voters—itself quite an achievement in view of the early apathy of electors in Singapore—and 1,027,211 actually voted. As only three of the States and three municipalities had ever held elections before, these figures are striking. Even voting by post was so complete that nine out of ten ballot papers sent by post were duly returned. In only eight of the 52 constituencies was the poll less than 80% of the registered electorate, most of whom are Malays (over 84%), while just over 11% are Chinese, with Indians forming most of the rest.

These proportions have no relation to the population ratios, but are the result of the restricted citizenship which still rules in the Federation. But even if all the Chinese qualified to vote did so (and they did not) the Malays would still have been in an overwhelming majority. In only two of the 52 constituencies were the Malays not in a majority. The report shows that three-quarters of the Chinese and Indian citizens of the Federation are under the age of 21, and while there are almost as many Malay women voters as men, the Chinese men outnumber the women by two to one, and the Indian male outnumbers the Indian woman four to one.

The Government spent just over a million dollars on the election, including nearly half a million dollars for the registration of voters. What the parties themselves spent is not stated. But people will compare the cost of such a decisive and peaceful election, with its promise of political stability for four years or more, with the daily expenditure caused by the jungle war which the Communists could give up tomorrow if they cared and get off more or less scot-free until the amnesty expires. The official election report should be analysed for its historic and sociological value. Polling in the big towns was comparatively low, in Penang above all. Electoral apathy tends to be a disease in the large towns, says the report, and if that is so Malaya was certainly no exception to the general rule.

In Singapore half the expatriate officers of the Police Force are resigning or seeking transfers. In the Federation the Police Subordinate Officers' Association has asked for complete Malayanisation of the Police Force within two years. They have put forward five demands (1) no further recruitment of expatriate officers; (2) expatriate officers under contract should be dispensed with at the end of their terms; (3) Expatriates should be allowed to apply for transfers to other Colonial territories; (4) those going home on leave should be pensioned off though they may not be of pensionable age; (5) no further promotion for expatriate officers. Police inspectors should be promoted to fill the places vacated by expatriates and subordinate officers chosen from the ranks should take over from inspectors. Local police officers must pass Standard V in Malay. The Association denied allegations that local police officers are inefficient, and said they had not been given a chance. There was also a demand that as 80% of the rank and file are Malays, the ratio for officers should be the same.

In Singapore, on the other hand, 3,000 of the rank and file in the police force asked that the top seven British officers remain on as their leaders. They also asked that all expatriate European officers with 15 years' local service be retained until they retired. They expressed these views in a memorandum prepared by their own committee of nine men and to be placed before the Malayanization Commission, which is to recommend what posts should now pass from Britons to local-born subjects.

The Singapore local official who has been most voluble in his hostility to European officers in Government, and his two fellow-spokesmen had their title to speak challenged. They had declared they would oppose any attempt to let expatriates continue in Government. Only locally-born men with ten years' residence should be allowed. This statement was evoked by the assurance of the Chief Minister that European expatriates who became Singapore citizens would be welcomed into the public services. The Secretary of the Malayanization Commission, Mr. Lee Siow Mong, announced that the Commission had decided to ask the three local officials' spokesmen to prove that they were the accredited

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least in psychology. There are bound to be plenty of headaches, and the criticism for which the Chairman called will come in great volume because of this turn of the leadership toward galloping Socialism instead of to the inevitably gradual ideas of the Fabians. But it is the most extraordinary episode so far of the whole Chinese Revolution. Undoubtedly it had quite a lot to do with the extraordinary way in which the transformed industrialists and entrepreneurs or their employees were persuaded to stage joyful parades last week in practically all the big cities to mark the stepping-up of their forcible conversion from owners and directors to State commercial and industrial officials. The categories into which his fellow-members of the National Federation of Industry and Commerce were placed by their President when he addressed them at the preliminary "conversion" conference a few months ago have hardly changed in so short a time. The obstructionists and the counter-revolutionaries, as some of them were dubbed, remain convinced against their will, but even so something quite astounding has come upon the scene in China. In very few cases does the impetus come from below, but there has been a large measure of it during this remarkable passage of events. But something permanent happens when pressure comes from both above and below.

ECONOMIC REPORTS FROM THE PHILIPPINES

representative of all the local officers. The Director of Personnel told the Commission that some of his colleagues had notified him that the "hostile" views expressed against expatriates did not represent the feelings of all local officers. Instead of seeking direct election by ballot, the principal spokesman merely invited any of the 10,000 employees to come forward and say their case for Malayanization was being wrongly handled.

Another development in the same agitation in Malaya is the demand of the Malayan Trade Union Council, which represents half a million workers, that trade unionists should be given senior posts in the Labour Department. This, says the Council's memorandum, would end the "simmering unrest" among the workers. It complained that the Labour Department as now constituted had outlived its usefulness and still kept to the "old tradition of seeking to control labour." The department, it is suggested, could be Malayanized overnight.

It ought not to be unduly long before the local officers can take care of administrative and non-technical posts in the self-governing British territories in the Far East. But the whole world, and not least the parent countries themselves, are crying out for engineers and technicians, and risks of precipitate action lie chiefly in that direction. In the height of the arguments in Singapore by local officers and others on Malayanization, the authorities in the New Zealand capital thrust a large double-column advertisement upon the readers in Singapore papers, inviting applications for a variety of engineering and technical jobs. This was, one may be certain, by no means the work of some malicious wight inspired by counter-revolutionary ideas, but by an intelligent Council acutely beset by technical satff problems, and eager to clutch at any straw. It is possible to do without the politicians, but the technicians are indispensable. One not excessively profound American pundit proclaimed this as the age of the Managers. Certainly the three new dominant classes in the proletarian State are the Administrators, the Soldiers and the Party people in that order of importance. If things became desperate Malaya might try to attract skilled technicians by waving a fat contract, but a lot of other countries also need them and few would want to go to Malaya if those already there are first driven away. The professional societies would soon know of it and add their little black cross. Once Asia gets into its stride the need for technicians will be immense. The trouble already is that too many local professional and technical personnel prefer the emoluments of private enterprise to the salaried status of Government officials. The time has passed when expatriates can claim special privileges. These will have to be shared. But local men with axes to grind should be cautioned not to provoke the expatriates who are really necessary. It would be ironic if Singapore were forced in the end to advertise in New Zealand to replace the technicians which New Zealand got from Singapore!

Pres. Magsaysay approved the sale of P15,000,000 in bonds for construction of the second unit of the Maria Cristina fertilizer plant, and the sale of P2,000,000 in bonds for the Bukidnon hydroelectric project. The President also ordered a speed-up (1) in the country's rural electrification program, (2) in the granting of loans for cattle importation, and (3) in the processing of applications for lumber concessions.

The government-owned Manila railroad, which holds title to the Manila Hotel, is negotiating for the sale of the hotel to the Government Service Insurance System for a net price of P5,000,000 plus liquidation of a P4,000,000 debt which the hotel has owed GSIS—making the gross sale price P9,000,000.

The government's National Shipyards and Steel Corporation bought the assets of Alto Pipe and Foundry from the RFC for P846,930.

The Senate Foreign Affairs Committee reexamined the nation's foreign policy and attempted to set up guideposts for Senate consideration of such questions as: 1. Status of U.S. military bases. 2. Japanese peace treaty. 3. Claim on the U.S. for an additional $100,000,000 in war damage payments. 4. Relationships with friendly Asian nations. 5. Philippine stand on fundamental SEATO policies, particularly the reluctance of certain member-nations to adopt a clear-cut anti-Communist stand.

At the request of the Philippine Association, Stanford Research Institute developed a program for assisting American firms wishing to investigate investment opportunities in the Philippines. This is part of the service of the Philippine Association to Philippine industry in order to encourage diversification and sound economic development of the Philippine economy through private enterprise. Edward S. Prentice, formerly Deputy Director of the ICA Mission in Manila, has been designated as the project manager by Stanford Research Institute.

The newly organized Acceptance and Investment Corporation started business at its Manila office February 15. Capitalized at P5,000,000, and one of the largest companies incorporated in the Philippines last year, the firm will specialize in consumer financing. Specifically, it will provide installment sales financing to dealers in motor cars, home appliances, furniture and fixtures and other similar goods. Chairman of the board of the new company is Carlos Palanca, president of La Tondena, and president of the Manila Junior Chamber of Commerce. President of the Acceptance and Investment Corporatiqn is Ramon V. del Rosario. The other members of the board of directors are Paul Wood, Albino Z. SyCip, Jose B. Fernandez, Jr., Jose C. Yao, and Leonides S. Virata. Francisco V. del Rosario has been appointed general manager.

An engineering and economic survey of domestic transportation facilities in the Philippines will be carried out by the Philippine Government's National Economic Council in cooperation with the Stanford Research Institute of Menlo Park, California. SRI will operate under contract financed by the International Cooperation Administration as part of its technical cooperation program in the Philippines. SRI will send seven specialists in various fields of transportation to the Philippines to conduct the survey, which will include recommendations on how domestic transportation facilities can be improved or expanded.

A P7,000,000 corporation to set up the first ramie textile mill in the Philippines has been organized by Vicente A. Araneta in collaboration with a group of other prominent Philippine businessmen. The new company, known as Ramie Textiles, Inc., will process and manufacture fabrics out of locally grown ramie. The other incorporators are Manuel Elizalde, Vicente A. Rufino, J. Antonio Araneta, Francisco D. Gamboa, Pedro Regaldo, Pablo M. Silva, and Juan T. Villanueva.

A major proportion of private capital investments in the Philippines during December, 1955, was channeled into industrial and other productive enterprises. This was only the second month during 1955 in which industrial investment exceeded investment in commercial enterprises. The other month was March. Out of a total of 285 new business firms

registered during December, 56 were engaged in productive enterprises such as manufacturing, mining, and agriculture. These 56 accounted for capital investments amounting to P15,585,362 out of a total for the month of P21,241,787. The big edge of industrial over commercial investment was attributed to recent incentives given to producers by the government.

The domestic investment in industry over the past five years has been disappointing. Such investment has averaged only P130,000,000 annually. One reason for this low figure is that 96% of total national income goes for consumption, leaving only 4% at most for investment. The unsatisfactory situation is due to the administration of controls, which has made it more profitable to engage in trading rather than manufacturing. A greater percentage of foreign exchange should be allocated to productive purposes.

The Chamber of Commerce of the Philippines recommended to Pres. Magsaysay a P50,000,000 price stabilization fund in lieu of a price control law to combat spiraling prices. The CCP proposed that the P50,000,000 fund be placed at the disposal of the National Marketing Corporation, which would use it to import essentials for sale through Filipino retailers. The Chamber expressed the belief that the added influx of consumer goods would be sufficient to keep prices down. Price controls are extremely difficult to enforce, the CCP pointed out, and there is no adequate force of agents available who could be trusted with the task.

Financiers in New York are interested in backing a paper mill in the Philippines to manufacture pulp and paper from bagasse, according to Pedro E. Abelardo, former economic affairs officer of the UN Korean Reconstruction Agency. The American investors propose to put up 60% of the capital needed for the plant, with the remaining 40% to be advanced by Filipinos.

Fabar, Inc., pioneers in the car assembly industry in the Philippines, are exclusive assembler and distributor in the Philippines of Austin cars. Manufacturer is Austin Motors Birmingham, England.

Cambodia's Prince Norodom Sihanouk arrived in Manila on a state visit and expressed his admiration for the Filipino people and said that he was very much impressed with Filipino ways of life. The Prince, former king of Cambodia, later addressed Congress.

Three congressmen have introduced a bill to adopt Judge John W. Haussermann "as a son of the Philippines" and confer upon him "all the rights, privileges and prerogatives of Philippine citizenship." The bill cities Judge Haussermann as one who "has contributed to Philippine progress and development as a public officer during the early days of the American regime in the Philippines, as a pioneer in our mining industry and one of the builders of our national economy, as a benevolent employer who is respected and loved by his thousands of employees, and as a friend and protector of Philippine interests.

Herbert Allen, newly elected chairman of the board of Benguet Consolidated Mining Co., arrived at the invitation of Pres. Magsaysay for talks on investment possibilities in the Philippines. Allen would look into Benguet operations to determine prospects for diversifying its interests. Allen is a partner of Allen & Co. of New York, a 25-million dollar firm which ranks fourth among the largest investment firms in the U.S. The company operates or controls numerous oil, gas, mineral, utility and transportation companies in the U.S. and Canada and is one of the largest real estate operators on the East Coast.

The Philippine Oil Development Co. reported that the first test-drilling in its concession in the Cagayan Valley had reached a depth of 1,250 feet. Geological surveys have indicated that four oil zones, at approximate depths of 2,000, 4,000, 6,000 and 8,000 feet, should be tested by this well. Under the agreement among the companies associated on the project, Philippine Oil holds 50% of the overall interests to explore 1,235,000 acres in the Cagayan Valley, with California Asiatic Oil Co. (Standard Oil Co. subsidiary) and Texas Overseas Petroleum holding 25% each.

Benjamin Gozon, Philippine Director of Mines, reported that mineral production in the Philippines has been steadily rising from a value of P3,990,000 in 1946 to an estimated P167,000,000 in 1955. In 1955 the mining industry had a capital investment of about P203,900,000. It employed at least 25,000 people and thus indirectly supported three or four times that many more. With the opening of new mines and the expansion of present ones, the number of employed may be increased to 35,000 in 1956. The mining industry has the highest index of employment among selected non-agricultural industries in the Philippines during 1950-1954 and ranks second in average earnings of salaried employees and wage earners during the period 1952-54. The Philippines now produces more copper, chromium and iron than at any time in the history of the country's metal mining. It is a world supplier of refractory chromite, supplying the U.S. with 80% of imports of that commodity. It occupies seventh position as a world producer of gold. It is now the biggest copper producer in the Far East and may soon take high rank as a world producer of copper.

Resumption of the international flights of Philippine Air Lines gained congressional support when eleven congressmen filed a bill seeking a P3,000,000 annual subsidy to finance PAL operations. The bill would grant the subsidy in any of these forms: (1) government financial assistance as a direct grant, (2) a financial guarantee to meet major portions of losses; or (3) non-interest bearing loans recoverable out of future profits.

ECONOMIC LETTER FROM MANILA

Developments in November revealed no marked changes in the pattern of the national economy. The basic weaknesses noted early this year still remained as threats to the country's stability.

Cost of living rose to a new high (1941 = 100) at 315.3 per cent, 1.5 points above the previous level, 3.9 points over the January figure, but 2.9 points lower than the level reached a year ago. Prices featured moderate fluctuations. Retail prices of selected commodities (1949 = 100) moved up to 95.6 per cent from 94.9 per cent in October, wholesale prices of export products slipped to 86.1 per cent, off 2.1 per cent from last month. On the other hand, wholesale prices of imported products improved to 119.5 per cent as against 119.0 per cent a month ago.

External Trade continued to decline in September with total trade totalling P134.0 million, off P1.0 million from the August level. Visible imports dropped nominally by P2.5 million while exports increased moderately by P1.5 million. International Reserves levelled off further to as low as $236.08 million, $5.49 million less than the month previous and $14.54 million below the total obtaining on December 8, 1949.

Money supply expanded further in October reaching another new high at P1,276.6 million against final figures for

COMMUNICATIONS OF INDONESIA

There is little doubt of the importance of communications for an archipelago like Indonesia. The fact that the Indonesian islands are so far flung and scattered and that very few of the islands (especially the smaller ones) are self-supporting in the sense of being able to meet their need for daily necessaries, emphasises the importance of communications as the arteries and veins of economic life.

Bangka island for instance, a tin-mining centre off the east of Sumatra, depends on Java for its staple food, rice, since it produces next to no rice itself. The island of Nias, West of Sumatra, would be struck by famine if its communications with Java and Sumatra were cut off.

The Government in pursuing its communications policy, is always guided by a constitutional provision which says that the "branches of production of importance to the State and which vitally affect the life of the people, shall be controlled by the State." This is understood to imply that all means of communications which are of vital importance for the State must be owned by the Government, while the operation of the other means of communication may be left to national private enterprises under Government supervision in which case the Government may also participate as a shareholder.

Before the war, practically all rights of monopoly were given to enable Dutch capital to flourish. Indonesians were not given a stimulus to develop their economic abilities. The inter-insular air service was operated by a Dutch company K.N.I.L.M., while the K.P.M. had a monopoly of inter-insular shipping.

The communications policy of the Government mentioned above is being carried out according to plan and in view of the present capacity, by degrees. Up to now, satisfactory progress has been made in all sectors of communications.

Railway: The Railways Department is hard at work to improve railway communications which suffered great damage both during the Japanese occupation and during the Revolution. Almost all railway line that used to be operated by private companies before the war have been nationalised. The tracks which were destroyed during the Revolution have been repaired. The Government has started coping with problems of the depreciation of rolling stock. Statistics compiled in 1952 showed that of the 1082 engines in use immediately before the war only 465 were then in running order. The Government has purchased 100 new engines from Germany and the Netherlands, all of which have been put to use. Apart from this, the rolling stock of the Railways Department has also been enriched with 1000 freight cars, 100 passenger-cars and 27 Diesel-electric locomotives, imported from the Netherlands and from the U.S.A. Early in March of 1955 the last batch of 298 locomotives, ordered from the Netherlands, arrived in Indonesia.

Motor Transport: Motor vehicles are a means of communications which is basically local in nature. The Government is of the opinion that its control over this kind of communication should be limited and aimed at certain stretches only, for instance those which form important links in the chain of communications between the economically most important regions. Because the Government has been ready in the main to leave this field to private enterprise, private motor companies, including the national transport services, newcomers in this branch of economic enterprise, have sprung up like mushrooms in recent years. Very encouraging is the result gained by these national enterprises in this respect: of the total number of newcomers, hardly 2% have failed.

Sea Communications: Government policy in the field of sea-communications is based on the view that inter-insular shipping should be controlled by the Government and for the greater part owned by it. At the present time, however, this category of shipping is in the hands of the shipping company K.P.M. (Koninklijke Paketvaart Maatschappij—Royal Navigation Packing Company) in which the Government holds 51% of the shares.

Coastal and ocean shipping may in the Government's view be left to private national initiative with the Government participating, where necessary, to aid the national companies.

The Government has established Pelni (Pelajaran Nasional Indonesia—Indonesian National Shipping) and has made preparations to give it adequate personnel and equipment. The company operates about 40 vessels of different types and size. The Government is anxious to improve the level of training of sailors and prospective sailors. For this purpose Indonesian students have been sent abroad for nautical study. A large school building in Djakarta has been built where navigation training to Indonesian students is being given. The work of maintenance of harbours which was neglected for almost ten years is now being carried on continuously while the construction of a new seaport at Bitung, North Sulawesi, has been completed.

Airways: Air communication is in the hands of the government-owned "Garuda Indonesian Airways" (G.I.A.), which is a member of the International Air Transport Association (I.A.T.). The Government's endeavour in this sphere is aimed at extending aviation over Indonesia so that a complete air communication system may operate covering the whole of Indonesia and connecting the various islands. Indonesia needs at least 50 airports. There are now only 32 available throughout Indonesia. In the course of 1955, 4 additional airports were completed.

G.I.A.'s fleet consists of 8 Convairliners, 14 Dakotas, 14 De Havilland Herons and 3 Catalinas. Additional Convairliners will be put into service soon.

The domestic network links up more than 30 Indonesian cities. G.I.A. also provides regular air services between Djakarta and principal cities in the neighbouring countries such as Singapore, Manila and Bangkok. A regular Djakarta-Hongkong service might be opened in 1956 if negotiations are resumed.

September of P1,234.1 million. Domestic credits of the Central Bank and Other Banks registered further gains in October, the latest for which final figures are available, with total domestic credits amounting to P1,648.3 million, up by P52.3 million from the level obtaining in September—a record high for the current year. Staple products featured price declines with rice pacing the downtrend. Coconut oil receded further as a reflection of overseas development; copra averaged lower; hemp reversed its uptrend; export sugar continued to decline and rice suffered further marked setback as the supply far exceeded buyers' requirements. Securities slightly recouped losses last month as shares traded totalled 73,314,527 approximately valued at P20,784,395. Transactions last month totalled 69,875,171 shares valued at about P15,121,168.

INDONESIAN CITIES

MEDAN

Medan is the capital of North Sumatra and the biggest city in Sumatra. It is almost as far north of Singapore on the Malay Peninsula, as Palembang is south, and a greater distance away, off to the west.

The area around Medan is the site of modern European-run estates. This is the rich area of the famous district of Deli, Langkat, Serdang, Simelungun and Asahan. It is the source of a substantial part of the nation's foreign exchange from its products of rubber, tobacco, palm oil, tea, sisal and others.

Indeed, Medan owes much of its splendour to the rich western estates around it. If it were not for these estates Medan would still be the unsightly, malaria-infested little village of eighty years ago. But if the rapid development of the city is ascribed simply and solely to western energy in the past, then this is an exaggeration of fact. The Indonesian manpower, living in that area, certainly was also responsible for the rapid growth of the city.

The population of Medan today is not known accurately. An official of the city's administration recently estimated that it is well over 500,000 which is not much off the mark, judging from the tremendous development of the city since 1930, when a census recorded a population number of 75,000.

There are wide, clean streets faced by modern buildings in Medan. The city is indeed openly built and well-planned. Medan's market is the finest of Indonesia.

One of the large administration offices is that of the Deli Wropper concern whose tobaccos are known internationally. There are several good hotels, a modern swimming pool, and a sea-side resort on the coast only 30 miles away. There is even a modest zoo, which has some attractive exhibits from amongst the local fauna. Medan has a nice port, Belawan Deli, situated in the mouth of a river on the coast, 16 miles from the city. Dutch mail boats call there on both outward and homebound voyages, it is the terminus of the fast K.P.M. service which runs to Djakarta via Singapore, and, of course, is a central port for small coastal vessels of the area.

PALEMBANG

Palembang, also often called the oil city of Sumatra, lies in the south-east corner of Sumatra, far from northerly Medan. It is called oil city, because of the oil fields in the vicinity which are one of the largest in Indonesia with refineries on the spot and storage tanks at Pladju and Sungaigerung, 2½ miles out of Palembang proper. In spite of being 50 miles inland, Palembang is only 7 feet above sea level, on the banks of a mighty river, the Musi. In fact, the river divides the city into a southern and a northern part, both of which are linked together by a ferry service instead of a bridge. Because of the many flood, which periodically inundate the lower parts of the city, most of the houses there are built on piles.

Palembang is the main commercial centre in Southern Sumatra, and is the capital of the Palembang Residency. Its main export products include petroleum products, rubber, coffee, rattan, resin and other forest products.

The chief industries of Palembang, apart from the oil refineries mentioned earlier, are shipbuilding, rubber refining, pottery and engraving.

The population of the city is now about 150,000.

DJAKARTA

Djakarta, situated on the northwest coast of Java, is the capital of the Republic of Indonesia. The chief port of the commercial centre of Indonesia, it is the biggest city of the archipelago. It covers an area of about 350 square miles and has a total population of well over two million.

The story of Djakarta goes back to the sixteenth century when it was called Sunda Kelapa, the chief port for the Sundanese Kingdom of Padjadjaran. Later, Sunda Kelapa was occupied by the Sultan of Bantam, in whose territories the Dutch had first landed at the end of the sixteenth century. The Sultan changed the name to Djajakerta which means something like "Glorious Fortress", and eventually the Dutch established a trading post there. As the name was difficult for foreign tongues, the Dutch abbreviated and mispronounced it to "Djakarta". When the Dutch eventually conquered Djajakerta, they named it "Batavia" after the fortress they built in the middle of the place. This name remained to be the official one throughout the Dutch period. Only at the end of the Japanese period the city regained its original name Djakarta.

Djakarta proper consists of two towns, the Lower and the Upper Town; along a canal which connects these two parts of the city, is a lot of traffic every day. The lower town has now become the centre of Djakarta's commercial and business world. The dilapidated old houses have made way for large, beautiful buildings of banking and industrial offices.

Djakarta's boundaries are extending still further; new suburbs are being swallowed up in the metropolitan area, and others are being added outside it. What was formerly a residential suburb before the war has become a part of the city proper; a new residential area is being opened up in Tjideng, the Menteng area is now the leading residential district, and a new satellite town has been built at Kebajoran, some 5 miles from the heart of the city. Also Djatinegara, a suburb to the southeast of Djakarta has now become part of the city.

Djakarta has a new, modern harbour at Tandjung Priok, some fifteen miles to the east. The port is connected with the city by a good wide road and a double rail track. Tandjung Priok has fully-equipped wharves and ware houses whose ownership is divided between the port authority and private companies. There are three inner harbours, the first for vessels drawing up to 27 feet, the second for those of 30 feet and the third for those of 40 feet, with an area overall of more than 6 million square feet of anchorage. Halfway between the harbour and the city proper is Kemajoran airport, one of the major airports in the world. It is a regular stop for rest and refuelling on the long Australia—England run, and an important link between Europe and the Orient generally.

The city has several first class hotels, cinemas and boarding houses, a small but interesting zoo, and an acquarium on the coast. Djakarta's Museum has been well known to visitors for many years, and contains some remarkable records and relics of Indonesia's ancient cultures, as well as an up-to-date reference library.

Djakarta Radio, the Headquarters of "Radio Republik Indonesia" has the most powerful transmitting and receiving apparatus in South East Asia, and broadcasts on its daily 9 hour service in seven languages.

There are many elementary and high schools in Djakarta, and several University faculties, including medicine and law, and a teacher's college. The biggest of the city's hospitals is the Central Hospital, which comes under the jurisdiction of the Ministry of Education.

As the seat of the central Government, Djakarta is the centre of political life in Indonesia. Ministerial Offices, the House of Representatives, the Presidential Palace and the Supreme Court are all located in this city.

BANDUNG

Bandung city is the capital of West Java province. Situated in a plateau, it is renowned for its cool climate and for its beautiful scenery. It has an average height of well over 2,000 ft. Bandung's population now amounts to over 500,000. The city boasts a big railway workshop, a canning factory, and a caoutchouc factory, besides the quinine industry which produces about 90% of the world's output of quinine. Here also resides the Technical Faculty of the Indonesian University from which President Sukarno obtained his architectural engineering degree. Here also are many specialized schools and establishment for secondary education. Then there is the famous Pasteur Institute which sends its serums and its vaccines all over Indonesia. Near Bandung lies the Bosscha Observatory, the best equipped in Indonesia.

BOGOR

Bogor lies at about 60 kilometers distance directly south of Djakarta. The city is ideally situated and has a cool climate with an average mean temperature of 25 degrees centigrade. The average rainfall, however, is very high so that there is rain almost every day.

Above the city to the south rises the peak of Mt. Salak, while off to the south-east are the twin peaks of Pangrango and Gedeh, both of them more than 10,000 feet above sea-level. Salak and Pangrango are active volcanoes and the soil all around the city is of volcanic origin. On the plains to the north of Bogor in the direction of Djakarta there are rubber and tea plantations of some extent, and rice is cultivated in the neighbourhood.

Bogor is no commercial centre, but a residential and a scientific one. The present population is about 140,000.

Bogor is connected by good motor road and by electric train with Djakarta.

Bogor's reputation as a scientific centre rests upon the presence there of a number of well-known institutions, including the general Agricultural Experimental Station, the Forestry Experimental Station, a Laboratory for Chemical Research and an Institute for Rubber Research. The activities of these institutes have led to improvement of applied science in the various fields which they cover. There are also two senior grade colleges in Bogor, one in veterinary science and one in agriculture. Besides these colleges, Bogor has comparatively a great number of primary and secondary schools. It is further the location for one of Indonesia's most up-to-date lunatic asylums.

Bogor is noted for its Botanical Gardens which cover about 275 acres of land and include an attached herbarium, a zoological museum, a library of scientific works, and a laboratory. In the Botanical Gardens is the Presidential Palace.

SEMARANG

Semarang, the capital of Central Java Province, is the largest city in Central Java and the third biggest in Indonesia. A port-town, it is situated almost exactly half-way along the north coast of Java. Semarang is one of the towns where the first fighting between the Indonesian people and the British and Dutch forces broke out by the end of 1945, shortly after their landings there.

Semarang is the chief port for Central Java, and to it are brought the tea, coffee, rubber, sugar, rice, maize, cotton, forest vines and timber which are the chief export products of the area. It follows that great store houses of many kinds and shapes are a very common sight in this busy city.

Fishing is an important industry, the catch being sent alive to the inland towns as well as being dried or sold on the local market. The first are not only caught off the shore by line, net and small trawler, the fish themselves are cultivated in a great number of coastal ponds constructed for the purpose.

Semarang city contains good modern hotels, shops, swimming pools and many public amusements such as theaters and outdoor cafes. A number of Chinese and European concerns have their head-offices situated there.

Semarang has a total population of about 650,000. A relatively new residential area, Tjandi, has been built south of the city. Here lie the houses of the well-to-do.

JOGJAKARTA

In the recent history of Indonesia, Jogjakarta above all other cities has a proud reputation. From 1946 to 1950 Jogjakarta was the capital of the Republic of Indonesia, and it was from Jogja that the struggle for independence was chiefly directed. Jogja is a small city with a population of about 150,000. It is situated in South Central Java, 140 kilometers from the southern coast of Central Java. Prewar, Jogjakarta's chief contributions to Indonesian life consisted in providing educational facilities up to the level of college.

Tourists often use the hotels there as a base from which to explore Borobudur, a Buddhist temple, 44 kilometers north of the city.

Jogja is the site of the Indonesian National "Gadjah Mada" university which arose out of the new spirit in Indonesia right in the thick of all the fighting and negotiations and troubles, and which has become firmly established in spite of almost insuperable difficulties. This University includes faculties of Law, Engineering, Social Sciences and Medicine. Jogja is the capital of a Special Territory of the same name headed by a Sultan. It is one of the Principalities still existing in Indonesia.

SOLO

Solo is situated about 40 miles to the north east of Jogjakarta. It is a little bigger than Jogjakarta having a population of about 200,000. Before the war, Solo used to be a Principality capital (also known as Surakarta). Shortly after the Proclamation of Independence, many people's organisations demanded the dissolution of the Principality and its inclusion in the Republic as an ordinary residency. Up to now the problem is still hanging fire, but the daily administration of the Principality, like in other areas, is conducted by a Resident, who is assisted by a representative council. The Princes have no longer any power in the administration.

The Palace of the Sultan of Solo was built in the middle of the eighteenth century, having an almost complete township within its walls.. The city is chiefly renowned for its dancers and musicians who excel in their art.

Borobudur: Borobudur is the world's largest Buddhist monument. It has the form of a pyramid and rises more

than 30 meters above the base. There are no doors or windows or pillars in the entire structure. It consists only of galleries joined by stairways all leading to the platform on top. The four lower terraces are square but the three upper platforms are circular in form. On these platforms are 72 bell-shaped shrines, in each of which is the temple of Buddha. All of the terraces are richly decorated with statues and their walls carry bas-reliefs beautifully carved in stone. The temple was built in the 8th century.

Prambanan: The name Tjandi Prambanan does not indicate one single temple, but a group of temples situated in the Prambanan plain, some ten miles to the northeast of Jogjakarta. The temple group is made up of Tjandi Sewu (Thousand temples), Tjandi Kalasan, Tjandi Lumbung, Tjandi Plaosan and Tjandi Prambanan proper, also known as Tjandi Loro Djonggrang, and still a number of other smaller temples.

Built about the eighth century, Tjandi Loro Djonggrang —whose name is derived from a statue in the temple which represents Shiva's wife Loro Djonggrang or Durga—is itself a group of six larger and two smaller temples. Occupying a square, the temples are arranged in two rows of three stretching from the south to the north, only separated by a small alley. The two smaller temples are placed one at the beginning and one at the end of this alley. Tjandi Loro Djonggrang is mainly dedicated to Shiva whose statue is housed in the main temple on the western side of the alley. The two other temples flanking Shiva's contain the statues of Wishnu and Brama. Shiva's two sons who were known respectively as the Maintainer and the Creator. In the temple opposite Shiva's is a statue of the Nandi, Shiva's mount, the famous Bull of Shiva.

The other temples in the Prambanan plain are all Buddhist ones. Of these temples, Tjandi Kalasan which lies not far from Tjandi Loro Djonggrang, is the most important. It is regarded as the most beautiful structure created by architects from India.

The building of this temple is believed to have begun in the middle of the 8th century, 25 years earlier than the construction of Borobudur. The other temples were built in the ninth and tenth centuries.

In Tjandi Kalasan there is a large hall with four smaller adjacent rooms. Neither the central hall nor the other rooms contain any statue of Buddha.

SURABAJA

Surabaja, the capital city of East Java Province, is one of the most important centres of trade and commerce in the Far East. It is the principal naval base of the Indonesian archipelago and its second city, and the chief port of the island of Java.

On the eve of the Japanese invasion in Indonesia in 1942, Surabaja's port was destroyed by the Dutch who applied the scorched earth policy. The destruction has now been repaired, not only that, but both port and naval base have been enlarged.

Surabaja is a contraction of two words literally meaning "brave in the face of danger". Legend has it, however, that the name is derived from the names of two animal kings Suro (shark) and Bojo (crocodile). According to the legend, on the place where Surabaja now lies, the shark formerly duelled with the crocodile for power.

Surabaja possesses a flying-boat base, a large aerodrome and rail, bus and tram services. In addition, there is a regular ferry service between Surabaja and the island of Madura which is separated from the city by a narrow strait.

Surabaja is also an important industrial area. There is a Philips factory making electric light globes, there are weaving mills, a cigarette factory, a number of machine shops and the first Indonesian automobile factory. There are several firms connected with the repair and overhaul of shipping and the second largest locomotive workshops in Java.

At Wonokromo, a suburb south of the city there is a new oil refinery to treat the crude oils received from the Tjepu area to the north west, where there is another refinery plant in operation.

Surabaja has a total population of one million.

MALANG

Malang is about as far south from Surabaja as West Java's Bandung is from Djakarta. The trip by express takes 2½ hours, and so Malang has become a week-end haven for people from Surabaja which lies sweltering in the heat of the plains. Though a small city, Malang is well-known for its cool climate. It is situated on the slope of Mount Ardjuno, 1,400 feet above sea level. Many people say that Malang has one of the best climates to be found in Indonesia, even and temperate. For this reason, Malang has become a residential area and a holiday resort. It is well provided with parks.

Though there is no tobacco plantation near Malang, there is a large cigarette factory in the city called "Faroka", which draws its supplies from Djember to the east and from Deli estate near Medan in Sumatra. 100,000 people live there.

BALI

Bali is separated by a narrow strait from Java. It is a small island covering over 2,000 square miles. It has been known to tourists the world over for years as the enchanted island of temples, music and beautiful dances. The island is roughly rectangular in shape. A mountain chain crosses it from east to west, with a large plain in the south. Mount Agung (10,500 feet) and Mount Batur (5,500 feet) are the two highest mountains on the island. Mount Batur is the only active volcano. All other peaks including Bratan and Tabanan are of volcanic origin. Almost all parts of the island are extremely fertile. Tea and coconut grow profusely; sugar cane, coffee, cocoa, tobacco, indigo and peanuts are abundant.

The religion of the Balinese is Hindu. There are only few people embracing the Islamic or Christian religion. Though Bali was separated from Java only by a narrow strait, it was never subject to Mohammedan invasion and the people still adhere to the Hindu ways brought direct from India. The Balinese are craftsmen of world-wide renown. Their silver work and wood carving, pottery, weaving of rich colouring and stone architecture are famous the world over.

Two cities of importance in Bali are Singaradja, capital of the north western part, and Den Pasar, capital of the south eastern part of the island. These two cities are connected by a metalled motor-road. There are no railroads and no tramcars.

What is most interesting in Bali is the great number of temples there. Besides the family shrines, every Balinese community has (the desa) at least three reglementary temples, pura (temple) pusih, the old temple of the original community from which the village sprang; pura desa, the town temple; pura dalam, the temple of the dead.

In Bali, every village has its own company of dancers and musicians who are not professionals. They learn in childhood these arts which remain central throughout their lives.

BANDJARMASIN

Bandjarmasin, capital of the south-eastern section of Kalimantan, is situated amongst the swampy mouths of half a dozen tropical rivers. During the rainy season, torrential waters come pouring down the mountain slopes of the interior to inundate the plains, lower down, and to turn the swamps into a sea. Bandjarmasin has been built on a river-formed island, between the Barito and the Martapura rivers. It has a good harbour and carries the import and export trade for all the great valley region. The houses there are raised on piles and the rivers are used by the people as roads. In the city live about 100,000 people of whom only about nine percent are non-Indonesians.

PONTIANAK

Pontianak is the capital of the western section of Kalimantan. It is a small city with a population of about 55,000 of whom more than 15,000 are Chinese. The city lies near the mouth of the Kapuas river, the largest river in west Kalimantan.

There are some factories of modern standard in the city, which mainly process the raw materials grown there. The most important factory is manufacturing palm oil for export; others include sugar and rubber. Most large buildings of the town are warehouses of one kind or another for goods to other parts of Indonesia or to foreign countries.

Shipbuilding is the most important industry of Pontianak, and is the most important service which the city renders to the needs of the neighbourhood, for this is a very wet region indeed.

Parts of the town are regularly under water at every flood tide and that's why the houses are built on piles.

MAKASSAR

Makassar, situated in the south of Sulawesi, is the biggest city of Sulawesi and of the entire region of East Indonesia. It is at the same time the capital city of Sulawesi Province. A port city, Makassar lies on the western tip of the southern peninsula. Being protected by the islands of Spermonde Archipelago, its port is safe for shipping even during the rainy season. The port's facilities have been modernized during the last few years. The population is now estimated at about 250,000, of whom 18% are Chinese, Europeans and Asians.

Makassar is a municipality with a mayor and council, and has modern residential quarters, good hotels. It lacks elevation, however, and the surrounding country is swampy, and is generally considered not healthy. Part of the city is very old; here are found the trading quarters and rows of old Dutch houses, built close together. Other parts of the cities are openly built and well-planned. Beautiful modern houses have risen here in increasing numbers.

Makassar is well-known for its baskets. Made of rattan or of palm leaf, they are sold in Makassar's markets. Other smaller articles found in the markets include cigarette cases, tobacco pouches, purses etc., made from horse-hair.

INDONESIA'S BATIK

Batik, a fabric intricately designed and dyed by hand, is the work of skilled, serene and patient Indonesian artisans who follow a tradition so old that no one knows when or even where it began. Similar fabrics are found in Japan, North China, India, and as far west as Senegal in Africa. But none can match the beauty, the harmony of design and color, of those made in Indonesia, particularly on the island of Java.

The true Javanese batik artists are all women who wax-paint their designs on cloth—a painstaking process called tulis. There are men who make batik, too, but by a block method which, while faster, does not produce the same fine work.

Javanese batik designs have been handed down from mother to daughter, and many of them are known by fanciful names—"delightfully carefree life," "moonshine charm," or "butterfly passionately in love." The designs have less meaning today than they did in times long past when they were worn as symbols of rank. But there are still a few reserved for certain occasions. Some, on a dark background, are worn for mourning. One, called sido mukti, meaning "to become happy," is the special design for brides and grooms.

Batik-making used to be solely a home industry, but now many of the tulis workers are employed in small factories, where the men also work at their tjap, or block printing. Here the tulis worker sits on the floor, in surroundings darkened by innumerable splashings of indigo dye. Before her is a piece of fine white cotton, stretched over a rack. After sketching in her design on the cloth with a pencil or a piece of charcoal, she is ready to paint it on with wax.

For this she has two simple tools. One is the tjanting, a small copper cup with a handle of reed or bamboo and a fine spout. It works something like a fountain pen, writing in wax rather than ink. The other is the lajang, a shallow saucer filled with molten wax.

She dips her tjanting into the saucer and fills the cup with wax. Then, first blowing on the little spout to ensure an even flow, she begins to fill in her design on the cloth.

The composition of the wax is a secret and each of the 6,000 batik factories in Java has its own formula. The two basic ingredients are paraffin wax, from Standard-Vacuum's Sumatra refinery, and beeswax, which must be imported. These are mixed with resin, varnish, gums and tallow.

At one time only nature's dyestuffs were used in coloring batiks. Yellow dyes came from the bark of the mangosteen. Soga, the russet color, contained ten ingredients: four barks, the sap of a tree, flowers of an herb, gum lacquer of an insect, imported dried flowers from China, resin, and roots of the tumeric. And blue came from the leaves of local indigofera. These dyes are still used in some of the more conservative factories, though the majority, especially in the region of Pekalongan, where the multi-colored batiks are made, use aniline dyes from Germany, America and Japan.

Batik-making all but disappeared during World War II, when Indonesia was cut off from supplies of white cotton. Now the industry is flourishing as never before, and, moreover, meeting some rather bewildering changes in taste. In the larger cities, the traditional batik sarong is falling from fashion, but changing styles are actually broadening the uses of batik. It is showing up in shirts, dresses, bathing suits, even as drapery fabric. Colors are changing, too, and the soft muted shades are giving way to bright reds, greens, pinks and purples.

Shortage of foreign exchange is keeping the batik industry from expanding as rapidly as it might, for both cotton and the newer dyes must be bought from other countries. But as foreign exchange eases, the young Indonesian Republic hopes the new products of this ancient art will become an important commodity for its growing markets abroad.

JAPANESE TEA

History

Japanese tea is believed to have been introduced from China. The earliest record of tea in Japan is contained in Kuji Kongen (Origin of Official Customs and Ceremonies) which states that in 729 A.D., Emperor Shomu treated monks to tea; but the more reliable and important incident is the import of the tea seed from China to Japan by the Buddhist monk Eisai who, in 1191 A.D., sowed the seed in Kyushu and taught his compatriots how to manufacture and drink tea. Japan owes him the widespread use of tea although it has recently been proven by scholars that natural tea plants were growing in Kyushu, Shikoku and various other places long before this importation of seed from China. In the middle of the 15th century, the mode of serving and drinking tea became so subtle and exquisite that it gradually took the form of a ritual until it has developed into a branch of art known as the Tea Ceremony which is practised to this day.

With the opening of the port of Yokohama in 1858, tea became an important export item chiefly to the United States. From that time till the eighties of the 19th century, tea played a leading role in export goods of Japan. The early part of the 20th century saw a slight decline in export mainly because of the steady increase in the use of coffee and black tea and disturbances on the international scene. However, during that time, Japan succeeded in extending her market for tea to Europe, Africa and many other parts of the world. Among the first shipments of merchandise from Japan to the United States after the end of World War II, tea was a major item.

Knowledge of tea reached Europe in the 16th century and following the introduction of tea into England in 1650, tea-drinking spread rapidly. The coffee-houses of London in the early half of the 18th century became, in fact, tea-houses. The beverage soon became a necessity of life. The export of Japanese tea to Europe reached its peak in the 1930's and since the end of World War II, strong interest is being revived among the former customers in Europe and North Africa.

Chemistry and Medicine

Analysis of important types of tea made by the Tea Experimental Station of the Ministry of Agriculture and Forestry in Shizuoka Prefecture gives the following results:—

(In 100 parts of solid matter)

	Green Tea			Black Tea	
	Gyokuro	Hiki-cha	Sen-cha	Japanese	Lipton
Crude protein	34.65	35.75	31.62	28.29	25.56
Theine	3.73	4.62	2.84	2.68	3.13
Tannin	11.24	10.03	12.64	9.45	15.05
Ether extracts	4.28	5.14	4.56	2.37	2.33
Crude fiber	14.00	6.66	10.64	12.79	9.27
Crude ash	6.79	6.68	5.38	5.51	6.21
Water soluble matters	42.87	46.72	46.62	37.06	47.93
Total nitrogen	6.62	7.05	5.88	5.30	4.99

Most of the crude protein is insoluble in hot water, and although its effect upon the taste of tea is yet unknown, it is certain that tea of good quality contains much of the substance. The remarkable stimulating and refreshing qualities of the beverage are due to theine which is identical with coffeine in coffee. Tannin gives a hardening and astringent taste to the tea. Either extracts contain ethereal oil, the color of which is a citron yellow and possess the distinctive odor of tea. Nitrogen is contained in a larger quantity in tea of better quality.

Besides the above, Vitamin C, a remedy for scorbutus and diabetes, is found in large quantities in Japanese green tea. It has been discovered that the percentage of Vitamin C contained in Japanese green tea is very much higher than the Vitamin C content in lemon, orange, tomato, radish, cabbage, spinach, etc. If the tea is dried well, the Vitamin C is preserved for a long period. Contrary to the popular belief that Vitamin C is destroyed when exposed to high heat, experiments have proven that, although green tea is subjected to firing at 70° centigrade for 2 hours during the process of manufacture and to infusion in hot water at 90°—100° centigrade for 5 minutes prior to drinking, the Vitamin C in tea is not appreciably destroyed and remains, with only a slight loss, to be consumed by the tea-drinker, as the substance is soluble in water. The present scientific method of manufacturing and storing green tea seems to be the most satisfactory for the preservation of this substance. In black tea, which is manufactured by fermenting tea leaves, the entire amount of Vitamin C is lost. Green tea also contains Vitamin A, but because of its insoluble nature, it remains in the steeped tea leaves. In the case of powdered tea, where the whole tea leaves are dissolved and drunk, Vitamin A can also be absorbed by the tea-drinker.

Kinds

For domestic consumption: (1) Gyokuro (Gem-like Dew Tea). Green tea of the highest quality. (2) Hiki-cha (Powdered Tea). Made from the same material as Gyokuro. Mostly used as ceremonial tea, but can also be used to make cold tea or ice tea in summer. (3) Sen-cha. This is the most common form of green tea and comprises the greater part of tea sold in Japan. (4) Ban-cha. This is a lower grade tea made from coarser material, and sold in considerable quantities. (5) Tea Dust. This is used for drinking and for chemical purposes, chiefly in the manufacture of theine (caffeine).

Export tea is divided as follows according to the characteristics of the tea and its destination:

Kind	Characteristics	Destination
Pan-fired tea	Refined tea dried in a pan. It has a tinge of white.	U.S.A., Canada and North Africa.
Basket-fired tea	Refined tea dried in a basket. Its shape is very beautiful.	U.S.A., Canada
Natural leaf tea	Intermediate tea between Pan-fired and Basket-fired teas, with no tinge of white, and preserves more of the natural character of tea leaves.	U.S.A., Canada
Guri tea (Curled green tea)	Tea made after the manner of Chinese green tea, the shape of which is, compared with that of ordinary Japanese green tea, more or less bent or twisted.	North Africa, U.S.S.R., U.S.A., Western Asia.
Brick tea	Cheap and coarse teas, with small twigs, leaves, and dust, compressed into blocks. When drinking, it is whittled and infused.	Northern Asia.

Production

The standard process of manufacturing tea consists of the following operations: (1) STEAMING. The fresh leaves, after being picked from the tea plant, are put into a steaming machine and steamed. Care must be taken to preserve the natural green tint and aroma. In the case of the curled green tea of roasted type, fresh leaves are roasted in a heated roasting pan instead. The steamed or roasted leaves are rapidly cooled. (2) PRELIMINARY ROLLING. The cooled leaves are put into a heated preliminary rolling machine, in which the leaves are partially dried and partially twisted. The aroma is then increased. (3) TWISTING. The leaves are put into a machine. This is done for the purpose of further twisting the leaves and making the moisture in every part of the leaves uniform. (4) RE-DRYING. The leaves are further dried in a re-drying machine, not only the surface of the leaves but also their inner parts are dried uniformly. (5) FINAL ROLLING. The leaves

are put into a final-rolling machine and are rolled in such a way that the shape of the leaves will become long, straight and uniform. (6) FINAL DRYING. After being taken out of the final-rolling machine, the leaves are dried in a ventilating condition. In the case of curled green tea, the material, after passing the stage of re-drying, is rolled so that the leaves become bent and twisted, and not straight. This result is attained by making the operating velocity of the machine slower and by putting a larger quantity of the material into the machine. All types of tea after final drying are called Ara-cha (Crude tea) and are stored in tanks. In manufacturing Hiki-cha (Powdered tea), rolling operations, both preliminary and final, are omitted. Dried leaves are ground into powder with a stone mill before being used in the Tea Ceremony. (7) REPROCESSING-FIRING. This process is applied for the purpose of making the shape of the tea uniform and the taste of the tea more delicious. Crude tea of similar types are blended and fired. Then the stems, old leaves and dust are removed, and the tea is graded. After this, the material is put into either a pan or a basket and is subjected to a final firing. The former is called "pan-fired tea" and the latter, "basket-fired tea." The re-processed pan-fired green tea for export has a tinge of white, which is caused by friction created when the tea is stirred up at high temperature during the final stage of manufacture.

In some countries, this whitish color is thought to be an indication of good quality of Japan green tea. The Japanese manufacturers take advantage of this supposition by the foreign consumers, and very often endeavor to make their export tea look as whitish as possible by subjecting it to the friction-heating treatment for a longer time than necessary, vainly wasting time and labor without adding anything to the taste of the finished tea.

Places of Production

In Japan, the tea plant is cultivated all over the country except Hokkaido and Aomori Prefecture, but, so far as the production of tea is concerned, Ibaragi and Niigata Prefectures constitute the northernmost border of the "economic sphere". Among the prefectures belonging to the economic sphere, Shizuoka, Mie, Kyoto, Kagoshima, Miyazaki, Saitama, Nara, Ibaragi Shiga, Kumamoto and Fukuoka Prefectures come to the fore as the more important places of production. Above all, Shikuoka Prefecture boasts the greatest output of tea in Japan, about 60% of the country's total output of tea and 80%—90% of the export tea being supplied by the prefecture.

Makinohara, an upland, 1 mile south of Kanaya in Shizuoka Prefecture, is noted for its extensive tea plantation (5,000 acres) and two Tea Experimental Stations; one is governmental, and the other, prefectural. In early summer, this huge plantation, backed by the graceful, snow-capped Fuji and alive with scores of women tea pickers, each with a white towel over her hair, presents an unforgettable picture. Both Experimental Stations can be reached in 20 minutes by bus from Kanaya. In their broad plantations visitors may inspect gardens of tea plants brought from various foreign countries, and see some interesting experiments being made on the growth of tea plants. If the season is early summer, they may watch the whole process of manufacture of both green and black tea from the plucking of the fishes to the drying of the steamed leaves into refined tea.

In Japan, manufacture of green tea is, for the most part, a rural industry based upon a co-operative system. Rural industry is regarded as one of the foundations upon which the agricultural program of Japan is to be established. Though of comparatively recent origin, Japanese rural industry, which covers not only the manufacture of tea, but also the production of canned fruits and vegetables etc., is showing a steady advance. The National Agricultural As-

sociation is managing five very big modern tea-processing factories located at Shimada, Fujieda, Kanaya, Kawasaki and Kakegawa, all of which are situated in the leading tea-producing area, Shizuoka Prefecture. The production of green tea as a rural industry is also being conducted on a large scale by the prefectural agricultural associations in Shizuoka, Saitama, Ibaragi, Mie, Nara, Shiga, Fukuoka, Saga, Miyazaki and Kagoshima prefectures.

Export

Usually, tea is exported only after it has passed the examination stipulated in the "Regulation concerning the Inspection of Export Tea". According to this regulation, the exporter files an application for inspection of the merchandise. Samples are tested by two different methods. First, the samples are subjected to comparison tests with the grade samples of export tea fixed at the beginning of each season to be the standard of the crop for the season and a rigid examination is made on the leaf, dust, moisture content, flavor, taste and the colour. In the meantime, another half of the sample lot is put to a stringent chemical test. If it is found that any coloring material or forbidden chemicals are used, the tea will, of course, be rejected. The permit is issued only when both tests are passed. The regulation further requires that all cases containing tea must show on each package net weight, destination, and class of merchandise. The inspection sticker is stuck on the case showing that the merchandise had passed satisfactorily through the two tests and the date the final approval had been given.

Along with an export inspection by the Ministry of Agriculture and Forestry (Export Commodities Inspection) the Japan Tea Exporters' Association inspect teas for the benefit of the buyer or the shipper and issue Delivery Inspection Certificate in order to re-assure the goods by request of either the buyer or the shipper. For this purpose the Association organized a staff of inspectors.

EXPORT OF TEA IN 1952 AND 1953

	1952	1953
GREEN TEA:	21,431,472 lbs.	26,023,902 lbs.
Pan-fired tea	4,728,887 "	7,542,178 "
Natural leaf tea	548,263 "	221,653 "
Basket-fired tea	5,650 "	250 "
Guri tea (Curled tea)	14,686,531 "	16,546,614 "
Fannings, Jin, Dust & Siftings	885,824 "	1,618,361 "
Other teas	577,317 "	94,846 "
BLACK TEA:	234,970 lbs.	2,028,028 lbs.
TOTAL	21,675,442 lbs.	28,051,930 lbs.

Preparing a Cup of Green Tea

Ordinary Hot Tea: 1. Put into a tea pot 3 grams (1 tea-spoonful) of tea leaves for each cup. 2. Pour hot water into the pot and keep for 1-2 minutes. 3. Pour the infusion into a cup and serve it with or without sugar, milk or lemon juice. A tea-pot made of pottery should be used. Soft water should be used. The hot water, after being boiled, should stand until it cools to 80°-90° centigrade, and then be poured into the tea pot. In cold seasons, the tea pot and cup should be scalded before being used.

Powdered Tea: Cold Tea: 1. Put 1 gram (or 1/3 tea-spoonful) of powdered tea and 10 grams (or 2 tea-spoonfuls) of sugar into a glass and mix well. (The weight of powdered tea is about half as much as that of sugar). 2. Fill the glass with cold water and stir well. 3. Add some ice and a piece of sliced lemon, if desired. 4. Drink with a straw.

Simple Hot Tea: 1. Put 1 gram (or 1/3 tea-spoonful) of powdered tea and 10 grams (or 2 tea-spoonfuls) of sugar into a tea-cup; and add some refined starch powder. These should be mixed well. 2. Fill the cup with hot water and stir well. 3. Add some milk, if desired, and drink.

Ice Cream: A small quantity of powdered tea mixed with other ingredients will give a fascinating flavor to ice cream

JAPANESE BAMBOO INDUSTRY

Oriental culture is often called the "Culture of Bamboo". Bamboo wares are, indeed, one of the typical products of Japan. Bamboo, the raw material for bamboo wares, grows wild on the mountains and on the plains and is also cultivated in public parks and in private gardens. Bamboo is an integral part of the scenic beauty of Japan.

Japanese porcelain wares and textiles with designs of bamboo are very popular among foreigners. Bamboo wares for export include a large variety such as poles for pole vaulting, poles for skiing, arrows, props for various crops, laminated bamboo panels, blinds, bread and fruit baskets, baskets for flower arrangement, shopping baskets, fishing rods, bamboo parasols, lanterns, lamp shade, fans, screens, bamboo sheets, chairs, magazine rackets, toys, model ships, tumblers, buttons, knife handles, umbrella handles, Shakuhachi (Japanese vertical bamboo flutes), flutes, knitting needles, luncheon mats, shoulder bags, handbags, slide rules, rules, beach hats made of bamboo leaves, and slippers and mats also made of bamboo leaves.

The total exports of Japanese bamboo wares to the United States amount to about $3,920,000 every year. Bamboo blinds are the largest of such items exported to the United States, totalling $2,100,000, while unprocessed bamboo amounts to $460,000, bamboo baskets, $430,000, and other bamboo wares, $920,000.

Within two to four years bamboo attains a state of maturity enabling its use for making various wares. It is a matter of fact that the supply of bamboo is well-nigh limitless in Japan since olden days. Roughly speaking there are seven kinds of bamboo. It can further be subdivided into more than one hundred varieties according to the geographic location of their growth. Although thin, bamboo is strong and flexible and, consequently, it finds various uses from the household to sports. Japanese fishing rods and walking sticks made at the hands of skilful Japanese bamboo-ware makers are already enjoying excellent reputation in foreign countries. Bamboo is rent into thin pieces to be used for making blinds, baskets, lanterns, parasols, fans and many other items for daily use. While bamboo leaves are made into beach hats, handbags, slippers and mats, etc.

In an article on the Japan Trade Center in New York, the New York Times had this to say:

"Among the Japanese articles displayed at the Japanese Trade Center, bamboo wares are one of the best. These bamboo articles represent highly dexterous craftsmanship of the Japanese. Bamboo handbags and bamboo blinds woven with amazingly thin bamboo pieces, napkin rings, snack tables and magazine shelves are exhibited there. These articles are made of delicate honey-coloured bamboo woven with treads whose colours harmonize with the colour of bamboo. Such Japanese art bears witness to their ability for making these traditional Japanese articles suitable for household use."

According to the various reports of the Japan Trade Centers in the United States, it is understood that despite the great difference in humidity between the United States and Japan, no adverse effects are discerned in bamboo blinds exported from Japan to the U.S. Japanese bamboo fishing rods are highly appreciated by Americans because of their excellent quality, although fishing rods made of glass fibre have also been introduced in the market recently. Japanese bamboo makers admit that because of the difference in humidity, Japanese bamboo wares sometimes become distorted, crack or chip off, and in a few cases are damaged by insects and mildew. However, distortions and cracks are caused by insufficient drying and improper processing, while mildew and damages by insects are due to inadequate chemical treatment.

The Japanese Government prepared regulations to govern bamboo wares for export in order to insure high

REGULATIONS FOR CHINESE COOPERATIVES

Regulations for agricultural producers' cooperatives are divided into 12 chapters, containing 82 articles, dealing with general principles, membership, land, funds, labour organisation, accounting systems, distribution of income and other important organisational and administrative questions.

The draft regulations were prepared by the Central Committee of the Communist Party of China on the basis of experience of the cooperative movement accumulated during the past few years. They were discussed and amended at meetings of the Standing Committee of the National People's Congress and the State Council and were presented to the people concerned throughout the country for discussion and further amendment in November.

The present draft regulations, which will be submitted to the next session of the First National People's Congress for final adoption, are to be provisionally applied in the meanwhile. The regulations were drafted mainly for the use of the semi-socialist cooperatives which are at present in the majority in the countryside.

The draft regulations are described by the People's Daily editorial today as the most authoritative and fundamental rules for building the new society in the rural areas. "The draft model regulations are the concrete expression of the Party's policy on agricultural cooperation," it declared. "They embody the peasants' determination to take the road of socialism under the leadership of the Party. They are the sum total of the valuable experience gained in the past few years regarding the management of cooperatives and provide a model to guide the future actions of the staff, cadres and members of the cooperatives.

"The model regulations will make it easier for the personnel engaged in rural work to grasp the policy and measures on cooperation. They will enable the mass of peasants to understand that there are reliable guarantees for their vital interests after joining the cooperative. All rumour-mongering against the cooperative movement by saboteurs can be wiped out. Already established cooperatives can have something by which to guide themselves. Some of the unsatisfactory ways of running cooperatives can be corrected. They will bring about a rapid and wholesome development of the agricultural producers' cooperatives."

Extracts from the editorial follows:

The draft model regulations for agricultural producers' cooperatives provide the most fundamental principles for the management of the cooperatives. They give the definition that "an agricultural producers' cooperative is a collective economic organisation of labouring peasants. It is organised by the peasants under the leadership and with the help of the Communist Party and the People's Government, based on the principle of voluntariness and mutual benefit." They add that "the aim of building agricultural producers' cooperation is gradually to do away with the system of capitalist exploitation in the rural areas, overcome the backwardness of small peasant economy, develop socialist rural economy and meet the needs of socialist industrialisation." They also provide that "the principle for developing agricultural producers' cooperation is to rely on the poor peasants and build a solid alliance with the middle peasants."

In the management of the cooperatives, it is essential firmly to uphold the principle of voluntariness. The draft model regulations clearly provide that only the method of persuasion should be used and, moreover, "examples should be set so that those peasants who have not joined the cooperative will realise that by joining they have everything to gain and nothing to lose and so will join voluntarily."

Section two of the regulations provides that members are at liberty to withdraw from the cooperative. Reasonable safeguards for the economic interests of peasants who withdraw are also provided. A number of articles dealing with the use of land and other means of production provide that this must meet with the approval of both the cooperative and the owners concerned.

Another principle, inseparable from voluntariness, is that of mutual benefit. This is because the agricultural producers' cooperatives we have now established are in general semi-socialist in character. It is essential, therefore, to pay attention to suitably settling questions of how to deal with privately owned draught animals and farm tools, how to determine the proportion that should go as dividend for land or as payment for labour, how to raise funds for the cooperative, how to operate side production by individual members of the cooperative. Only in this way will the principle of mutual benefit as between poor and middle peasants not be violated. Only on the basis of mutual benefit can voluntariness be attained. The draft model regulations contain comparatively detailed and clear provisions regarding methods of dealing with these questions.

On the question of how to determine the proportions of dividend for land and payment for labour, the draft model regulations point out that "the income of an agricultural producers' cooperative derives from the labour, not from the land ownership, of its members. The dividend for land, therefore, must be lower than the payment for agricultural labour, so that all members of the cooperative can be encouraged to take an active part in the labour of the cooperative."

At the same time, the draft regulations also take into account the situation in which some cooperative members have more and better land but lack man-power. They provide that until the production of the cooperative has been raised substantially the dividend for land should not be fixed at too low a level. They also take into account the special situation in areas where land is particularly plentiful but the number of people is small and where land is scarce and the number of people is particularly great. According to each set of circumstances, the draft regulations provide that the land dividend may be little, or nothing, or equal to the payment for labour.

The draft regulations provide that after the land dividend has been determined, it is in general not to be increased with the growth of production or lowered within a fixed period of time. This will encourage the labour enthusiasm of cooperative's members while also having regard for the peasants' present sense of private land ownership.

Fair and reasonable provisions are contained in the draft model regulations regarding how to appraise and determine

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quality. For that purpose, data concerning the climatic conditions and other related matters are being gathered both by the Government and the bamboo ware manufacturers. The Japanese Government invited expert designers from America to improve these bamboo wares. Japanese designers will be dispatched to the United States and Canada to make special studies of designs. Government and manufacturers are striving their utmost to produce bamboo wares at reasonable prices to be used as widely as possible.

the output of land and compute the dividend for land. The standard is to be based on the quality of the land and on the actual output of the land.

Comparatively detailed provisions are embodied in the draft regulations on specific policy and measures regarding the use of means of production such as draught animals and farm tools. When a cooperative is first set up, it may in general adopt the method of private ownership and private maintenance of draught animals for public use, so that the cooperative may not run too much into debt or cause damage to the draught animals. When the cooperative is in a position to buy or feed the draught animals, public ownership should be practised. This will facilitate a fundamental solution of the contradictions arising out of private ownership and public use and bring into fuller play the advantages of unified operation.

The same or similar methods are provided for the use of more elaborate farm equipment, vehicles or vessels, and for tools and equipment suitable for collective operation of side-line production.

To apportion the shares' fund correctly is also an item of important work connected with maintaining the principle of mutual benefit. The regulations provide that the shares' fund should in general be apportioned out in accordance with the land handed over to the cooperatives.

The draft regulations fully show the correct combination of the collective and individual interests of the cooperatives' members.

Sections three and four state that land and other principal means of production owned by the cooperatives' members that are needed by the cooperatives should be handed over to the cooperatives for unified utilisation or management. The cooperatives are to make appropriate payment for them. Moreover the cooperatives' members may have small plots of land for their own use.

Sections six and nine say that the cooperatives' production plans should be adapted to the needs of the state, bearing in mind the concrete conditions in the local areas and cooperatives themselves. The principle of cooperative income should be apportioned on first meeting obligations to the state, and then setting aside funds for production costs, common reserve funds and the common fund for welfare use. At the same time, payments due the members should be guaranteed and a portion of this given them in advance. The cooperatives may encourage and help their members run family side occupations suitable for scattered management that does not interfere with the cooperatives' production. As the cooperatives' income increases, welfare services should be extended steadily.

The draft regulations also embody the spirit of struggling against the system of exploitation and capitalist ideas. In addition to stating that the aim of promoting cooperatives is to wipe out the system of capitalist exploitation in the countryside gradually, section one also provides:

"Agricultural producers' cooperatives may not conduct any form of exploitation; they will struggle against the rich peasants and other exploiting elements so as to restrict and gradually eliminate capitalist exploitation in the countryside." Section two states that landlords and rich peasants will not be accepted by agricultural producers' cooperatives in the first few years after their formation. The members of the cooperatives have the duty to wage a resolute struggle against all activities aimed at undermining the cooperatives. The complete victory of socialism in the rural areas can be achieved by firmly and unceasingly extending the position of socialism and steadily narrowing that of capitalism in accordance with these provisions.

Not any kind of unified management and collective labour can result in increasing production. The cooperatives must have the correct policy of management and a production plan. Moreover, they should have rational labour organisation and financial management. Sections six, seven, eight and nine of the regulations provide the correct methods for this.

The cooperatives are required to bring democracy into full play in order to maintain the principle of voluntariness and mutual benefit. The draft regulations stipulate the principle of applying democratic management. The democratic rights of the members of the cooperatives are also specified in the regulations. The exercise of democracy and opposition to the misuse of authority and suppression of democracy are regarded as principles of the political life within the cooperatives.

TAIWAN HANDICRAFT INDUSTRY

Sea Weed Carpets

Sea weed carpets were primarily the auxiliary products of farmers along the south-eastern part of mainland China. Exports were done through Hongkong to Europe and America. In Taiwan this industry is only three years old. After the United States' embargo on Communist products from the mainland Hongkong turned to Taiwan for supplies. This development inspired the establishment of this industry in Taiwan. In 1951, the Handicraft Society in Yung Lin district first imitated the manufacture of sea weed carpets according to samples and specifications obtained from Hongkong. Encouraged by the attractive profit of carpet making more people entered this business and within two years the number of carpet processing factories increased to over 20 and exporters of sea weed carpets to 14. Unfortunately this prosperity was shortlived, and since last year production decreased considerably on account of export difficulties. There are now only 2 export firms and 3 processing factories.

Sea weed is a kind of plant, which is salt-proof, moisture-resistant and grows in marshy regions. It is used for the plaiting of mats, ropes, sandals, baskets, handbags, etc. A piece of carpet of 36' by 9' is formed by sewing together 324 pieces of one-foot square sea weed mats. Each square weighs 3/4 of one Taiwan catty, and the total weight of the carpet is 243 catties. The sea weeds are first plaited into straw ropes. A skilled worker can make 800 to 1,000 feet of ropes each day. 100 catties of sea weeds can be plaited into 90 catties of straw ropes, about 10,000 ft. in length. After plaiting, the straw ropes are trimmed into uniform width and thickness, and then made into mats of 1 sq. ft. These small square pieces are further trimmed, dried, assorted and fumigated before sewn together into a carpet according to the required size.

The domestic consumption is insignificant. Principal markets for sea weed carpets are America and Cuba. 2,258 pieces of carpet amounting to US$79,731 were exported between January 1952 and April 1954. Since the spring of 1954, Japanese products are being offered to Europe and U.S. at very competitive prices under the encouragement and subsidy of the Japanese Government. This has caused Taiwan's carpet industry to decline. Besides the keen competition from Japanese products, the stagnation of the industry may also be attributed to the high cost of production in Taiwan. A piece of carpet made in Hongkong from Tai-

wan sea weeds was exported to America in 1954 at a minimum price of US$17.82 (f.o.b.) to a maximum of $24.30 or at an average of $21.06; the same carpet produced in Taiwan cost about $27.66.

Taiwan manufacturers believed that the unrestricted export of sea weeds had increased the cost of raw material there. They voiced that if the Government would restrict the export of raw material and encourage the output of finished goods, Taiwan's sea weed carpet industry could have a better chance to survive. Manufacturers there also advocated that manufacturing technique should be improved and quality standardized. There are more than 400 hectares of land in Taiwan suitable for the raising of sea weeds. Annual production capacity could reach 6,000,000 kilograms. With this quantity of sea weeds Taiwan would be able to manufacture 20,000 pieces of carpet worth about US$700,000. This earning will be considerably less if the bulk of the sea weeds are exported in the form of raw material.

The Coral Industry

Coral is neither a kind of vegetable nor a kind of mineral, but a formation of countless tiny water-animals subsisting together in the form of a flattened branching-out tree. In zoological term, it is closely related to the polypus species living on stone cliff under the rapid and warm current of the sea at a depth between 60 and 100 fathoms. They also thrive in shallow water of 30 fathoms or at sea bottom of 130 fathoms. The trunk of coral points upward, while its branches stretch downwards. With fingerlike tentacles, coral gathers its food; from its body a secretion of numerous bone-cells comes out continuously and sticks together to form the limestone and bony matters, which, as time passes, become the backbone of the coral. The growth of coral is very slow, only one inch in a decade. The older the coral, the higher the price.

The world-famous coral fields are in the Mediterranean Sea, Japan and Taiwan. About 1,100 A.D., Greeks discovered coral along the cliffs overlooking the sea near Tunis in North Africa. The Kooti Cankinkai Coral Field in Japan was discovered in 1834. The fishing of coral was later extended to Kagocima Island and Ogasa Hala Archipelago. The Taiwan coral industry commenced 30 years ago. In the spring of 1912, a Japanese fisherman gathered one small white coral in the vicinity of Cotton Islet, north of Keelung, which weighed about eight ounces. During 1924 to 1940, the highest annual output in Taiwan reached 18,000 kilograms, worth US$500,000. During the same period the Japanese acquisitions averaged US$170,000 annually, while the coral fields in the Mediterranean was in a state of exhaustion.

Due to the effects of war, coral production in Taiwan was interrupted in 1940. Rehabilitation after the war began in April 1953. Taiwan coral fields are divided into two parts; the northern fields include the sea outside Keelung, Pan Chia Islet and Cotton Islet as well as the sea near Suao and "Pai Chung Shan"; the southern fields include the areas near Peng Hu Islands and Taitung. The corals produced in the deep sea near Peng Hu are the best. Like pearls and jewels, coral is used as ornaments. Before a piece of coral is processed, it looks just like a withered tree, but after cutting and polishing, it becomes shining and beautiful. A coral cutter requires six years' training. The workmanship of Italian cutter is considered the best in the world. In 1926 there were in Taiwan 30 coral processing works, but now there are only three left.

There are many kinds of coral. They are classified according to colours: the most valuable ones are transparent in pink colour (peach-blossom red). Vermilion, crimson, red, light red and white are the next 5 grades. There are also differences known as "living wood", "falling wood", and "withered wood". The "living wood" is the highest in value, because when it is fished up from the sea it is still alive; the "falling wood" died only lately; and the "withered wood" has been dead for a long time. A bracelet of very good quality fetches as much as Taiwan Dollars 5,000 a piece, while the inferior ones are about $20 each.

Coral can be used in the making of bracelet, necklace, ear-ring, buttons and beads. Large pieces can be cut into images of buddha, lion, dog and what not. In the past 90% of Taiwan's coral products were exported by Japanese merchants to different countries according to the colours of the products: vermilion to India, crimson to Mongolia and Tibet, red and white to Italy, light red and pink to America, and the cheapest worm-eaten withered wood to Japan. At the present, however, Taiwan's rich potential deposit of coral has not been fully cultivated and exploited. Much has yet to be done to restore the leading position of Taiwan's coral industry in the world.

Rice Paper

Aralia Papyrifera is a kind of shrubs found in Central and South China and the hilly districts of Taiwan and Okinawa. They flourish on slopes where sunshine and rain are abundant. They are fully grown two years after plantation, and, after harvest the roots continue to grow. On fertile soils the growth lasts from ten to fifteen years. The trees are three meters high, covered with thick bark of dark brown colour. The circumference of the trunk is about 5". Inside the trunk, there is a white pith about 3 mm in diametre, which is the raw material for the making of rice paper. In Taiwan, the area of rice paper trees extends widely in Taitung, Hualien, I-lan, Miaoli, Nantou and Taichung districts. After cutting down the trunks, the pith inside the trunk is squeezed out and dried under the sun or by fire. The cutting of rice paper is mostly done by women, and the tools used are a sharp knife and a tray. Rice paper of good quality is mostly exported to Europe, America and Japan for the making of artificial flower, shoe sole, hat lining, and other decorative materials. Rice paper of secondary quality is used as substitute for cork and for the preservation of insect specimens. In addition, rice paper is one of the important ingredients of Chinese medicine for the treatment of pari-typhoid.

The amount of rice paper for domestic consumption is rather limited, the major portion is exported. At the time when business was most flourishing, there were more than 30 processing factories with 2,500 workers. The annual export aggregated 5,000 cases amounting to more than US$ 500,000. There are now only 17 factories employing about 400 workers. In 1952 exports to Denmark, Hongkong, Japan and America totalled US$180,000, in 1953 $200,000 and in 1954 a little more than the last figure. Under the new system of exchange and trade control, for every U.S. dollar earned, the exporter receives T$6.00 in addition to T$15.55 (the exchange certificate rate). In other words, for each case of rice paper exported the exporter gets T$750 more than before. This has greatly encouraged the exports of rice paper and the 1955 figure will be better than 1954.

Bamboo and Wood-Carved Articles

According to recent investigation conducted by the Handicraft Industry Promotion Commission of Taiwan, the area of bamboo planting in this Province is 46,000 hectares and the annual production reaches 40 million pieces. Bamboo is not only used for construction purposes but also made into chopsticks, baskets, tables, chairs, beds and various other articles and furniture. There are various kinds of bamboo in Taiwan known as "Kuei Chu", "Chi Chu", "Teng Chu", "Chang Tse Chu", "Mang Chung Chu" and "Loh Chu". Among these species, "Kuei Chu" tops the list in production and utility. Bamboo poles and fishing poles for export are made of this variety which flourishes in the middle and northern parts of Taiwan on plain and slopes from 109 to 1,000 metres above sea level. It can grow up as high as 10 metres with a diametre about 4 to 8 mm and knots about 30 mm apart. Its stalk is thin but very tenacious and hard.

Processed bamboo poles and fishing poles constitute the bulk of bamboo exports to America and Europe. The bamboo poles are first treated in salted water and then dried, straightened and inspected before they are exported. Taiwan's annual export of bamboo before the war was about

HONGKONG RESETTLEMENT PROGRESS

An Extract of the Report by the Commissioner for Resettlement for the Year ended March 31, 1955

THE BACKGROUND

The Colony's accommodation has never been as elastic as its population. For instance, when Canton fell to the Japanese at the end of 1938 there took place an influx of refugees into Hongkong which caused a number of squatter colonies to spring up. During the Japanese occupation (December, 1941 to August, 1945) the population dropped from 1.6 million to 600,000. The revival of prosperity which followed the end of the war, coupled with the political upheavals and uncertainty in post-war China, had by the end of 1948 raised the population to an estimated 1.8 million. Squatter colonies were again in evidence and measures were put into effect to move the squatters into designated areas where they might put up in an orderly arrangement huts of standard design. By the end of 1949 when the Communist armies took Canton and arrived on the Hongkong frontier, the traditional policy of allowing free entry and asylum to all persons of Chinese race still remained unmodified. The population increased to over two million. Surveys carried out by the Social Welfare Office indicated that 90% of the squatters were Cantonese and a great many were Hongkong residents of long standing. The squatter population was in the region of 300,000 as compared with 30,000 two years previously. Amongst the tightly-packed wooden huts were many illegal factories and workshops storing and using highly inflammable materials. The stage was set for the big fires. 20,000 persons were rendered homeless by a squatter fire which took place in Kowloon City in January, 1950. In another big squatter fire in November 1951 15,000 persons lost their homes.

The population reached 2.36 million in April, 1950. Immigration controls were put into force in May, 1950, and the population dropped to a little over two million by the end of the year. Huts were demolished in accordance with a systematic plan; those occupants whom investigation showed to be permanent residents of the Colony were allowed to establish themselves on prepared sites in resettlement areas and the remainder were expected to fend for themselves or return to China. However, by the middle of 1951 it was clear that squatters could not be diminished by the voluntary return to China of large numbers of refugees. Under a new policy established in July 1951 there were to be a number of small areas for "approved" type resettlement structures and two or three large "tolerated" areas. Accommodation in the "approved" areas would be semi-permanent bungalows and these were reserved for persons with some claim to be residents and with the means to conform with the structural standard laid down. The rest of the squatters would go to the "tolerated" areas where there was was to be little control of the type of structure erected. Both types of areas were to be planned—i.e. laid out in planned sites with allowance for roads, fire-breaks etc. Both included communal water supply and communal latrines. The "tolerated" areas had to be large and were some distance from the main centres of employment. The "approved" areas were more conveniently placed.

The population rose again to about 2¼ millions during 1952. 15,000 persons lost their homes in squatter fires during the year. During 1953 the population remained at about 2¼ millions. Very substantial expenditure for the resettlement of squatters was by now involved, and the funds voted for the development and administration of resettlement areas during the financial year 1953—1954 amounted to nearly $5 million. But fires continued to occur (6,000-7,000 persons were made homeless during January and February, 1953) and in the course of the year it became apparent that, whilst steady progress was being made, the process of resettlement must somehow be accelerated if the problem was ever to be solved.

The main obstacle to rapid large-scale clearance and resettlement operations by the methods so far adopted was this:—if a squatter was eligible for a cottage-site in an "approved" resettlement area its construction would cost him well over $1,000. Even the building of the simpler type of structure permitted in the "tolerated" areas would cost several hundred dollars, and moreover, since these areas were somewhat remote, these settlers would usually be faced with additional travelling expenses to and from their work after resettlement. Few squatters were destitute but most were poor, and whilst some could afford to take advantage of the forms of resettlement offered to them, very many could not. In the "approved" areas, in order to avoid the necessity for the settler to produce a substantial lump sum in cash, independent contractors had been allowed to build cottages under franchise and to sell them on hire-purchase terms. A more successful measure adopted in the same areas, with the same object in view, was the setting up in September, 1952, of the non-profit-making Hongkong Settlers' Housing Corporation. This corporation, which was financed partly by the Government and partly from funds subscribed by the public, built over 1,500 large and small cottages to be sold to settlers on hire-purchase terms, the instalments being $35 and $20 a month respectively. In spite of these expedients and in spite of a good deal of assistance given by welfare

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8 million poles worth US$500,000. After the war export was revived in 1947, but the quantity exported was only 1 million pieces; in 1948 2.2 million pieces; and in 1949 3.5 million pieces. In 1950 due to the lack of standardization for exports in Taiwan and the keen Japanese competition, export of bamboo dropped to 800,000 pcs. In 1951 1 million poles were exported. In 1952 total bamboo export was valued at US$79,490; in 1953 $78,647; and from January to June 1954 $71,243—all far behind the record of 1949. Nothing has been done to standardize export qualities and in the meantime U.S. is importing about $3 million worth of bamboo screen from Japan every year.

The wood-carving industry in China has an history of several thousand years. Most of Taiwan highlanders are good wood carvers, but their workmanship is primitive and designs simple. Taiwan wood-carving industry is only five years old. In the winter of 1950, the first wood-carving factory was established in Hsin Chu. Materials used are the Chinese juniper, cedar and camphor wood, all of which are produced locally. Carved articles include chairs, teapots, screens, trunks and cocktail bars. There are now 3 such workshops in Taiwan employing about 60 workers. The aggregate production capacity can reach T$1 million per month but at the present, monthly exports total only T$200,000. The average production cost of wood-carved articles in Taiwan is higher than that in Hongkong by 44.42%. It is therefore difficult for Taiwan wood-carved articles to compete with Hongkong products in international markets.

agencies in individual cases, the basic difficulty remained, namely the fact that most squatters could not readily afford the forms of resettlement offered to them.

The total number of persons who had passed through the process of resettlement stood at a little under 30,000. There were an additional 15,000 who, whilst they were in resettlement areas and had to some extent been brought within the scope of resettlement administration, were still virtually living in squatter conditions, and it was estimated that perhaps 250,000 squatters remained to be resettled. A new "tolerated" area was prepared at Chuk Yuen, north of Kai Tak to resettle about ten thousand persons. At Ngau Tau Kok, where it had at one time been hoped to rehouse a very substantial proportion of Kowloon's squatters, site formation was very costly. Furthermore, the unpopularity of the area due to its remoteness, made it very unlikely that large numbers of squatters could be successfully resettled there. Meanwhile, 50,000 persons lost their homes in a single night in the great Shek Kip Mei fire of 25th December, 1953. Government at once started the construction of temporary emergency two-storey accommodation on the site of the fire. At the same time the Urban Council appointed an Emergency Sub-Committee on Resettlement; its terms of reference included the elaboration of the emergency measures already agreed on for the rehousing of the fire victims. The sub-committee was also invited to put forward proposals for the solution of the overall squatter problem.

THE PROBLEM

When the Emergency Sub-Committee of the Urban Council was formed it was probably expected by those associated with these unhappy developments that it would concern itself primarily with the immediate emergency created by the Shek Kip Mei fire, a sufficiently formidable task by any standards. Leaving aside the investigations and recommendations which related only to the Shek Kip Mei fire, the committee's conclusions were: (1) that the most immediate problem was the fire risk presented by the remaining large squatter areas, and they proposed that fire lanes should be cleared; (2) that so far as Hongkong was concerned the problem might be solved by the vigorous prosecution of existing methods, but that in Kowloon, the squatter problem could not be solved unless squatters could be rehoused in areas substantially smaller than those which they occupied in squatter conditions. In order to achieve this, resettlement must take place in buildings of six or seven storeys.

It had never in the past been the policy of the Government to build houses for anybody except its employees, and the implications of the above conclusions were so serious that the sub-committee next re-examined the question whether the squatter problem would not be better left unsolved. However, the sub-committee considered that the routine of huge fires each year was quite unacceptable, that considerations of health and public order demanded rapid and effective action, that it was ridiculous for the economic and social progress of the Colony to be strangled through a land shortage which could be to a great extent relieved if illegal structures could only be removed from large tracts of valuable land, that the squatter areas were a very serious blot on the Colony's prestige, and that the problem should now be faced and dealt with even if it meant very heavy capital expenditure. Finally the sub-committee added that resettlement accommodation constructed by Government, should Government agree to enter this new field, ought to be let at a rental related not only to the capacity of the settlers to pay but also to the cost of construction. In other words Government should charge an economic rent if possible. It was also recommended that there should be an administrative reorganization designed to bring under one unified control all functions related to the prevention of squatting and to the clearance and resettlement of squatters. These functions had previously been divided between three departments.

Government reserved its opinion for the time being on the proposal to construct multi-storey accommodation at the public expense for general resettlement purposes, but agreed to undertake, as an experiment, the construction of eight six-storey buildings at Shek Kip Mei. The proposal to set up a temporary Department of Resettlement was also approved and it was understood that a long-term programme on the lines proposed by the Urban Council would be carefully examined, as a matter of urgency, by the new department.

THE DEPARTMENT OF RESETTLEMENT

A new temporary department known as the Department of Resettlement was formed and the post of Commissioner for Resettlement was created on 19th April, 1954. For the sake of effective direction and co-ordination the Head Office was set up in the new Secretariat building. Apart from the Head Office four separate but inter-related organizations were set up or taken over; these were:—the squatter patrols, whose duty is to prevent the construction of new illegal huts or buildings; the "screeners," who carry out surveys of squatter areas; the organization for carrying out clearance and resettlement operations; and the organization responsible for the administration of resettlement areas.

POLICY CONTROL BY THE URBAN COUNCIL

The new department faced a miscellany of conflicting demands. There were about 20,000 victims of the Shek Kip Mei fire encamped on the streets and under the verandahs of Shamshuipo, and direct relief measures were costing nearly $50,000 a day. The fire-lane programme required the clearance and resettlement of at least 7,500 persons. The time was approaching when major engineering projects—e.g. the new airfield, and works in Tsun Wan and Kowloon connected with the Tai Lam Chung reservoir scheme—would be seriously held up unless major clearances could be put in hand to free the areas of Crown land needed. Yet the planning of long-term measures for the solution of the overall problem was no less urgent than the immediate tasks.

General control over resettlement policy was exercised by the Urban Council through three Select Committees. The Resettlement & Clearance (Policy) Select Committee was set up on 11th May, 1954. A smaller Select Committee dealt with general matters concerning the administration of resettlement areas and when, towards the end of the year, the new multi-storey estates began to be occupied a third Select Committee was formed to deal with the special problems which these presented. The programme proposed for the year by the Select Committee dealing with policy included three major points: (1) The resettlement of victims of the Shek Kip Mei fire should proceed as quickly as might be on the site of the fire, and should be allowed to interfere as little as possible with the rest of the department's work. (2) The clearance of fire lanes should proceed simultaneously and the Fire Brigade's main requirements in this respect should be met without fail by 1st October, 1954. If all fire lanes could not be driven through in the time by means of orthodox resettlement, then squatters should be moved temporarily and without ceremony to adjacent areas of Crown land. (3) The need to make an overall plan should in no way be overlooked or postponed; the results of the multi-storey experiment in Shek Kip Mei should be examined as soon as possible and, if the experiment was judged to be successful, plans for multi-storey

building on a much larger scale should be laid before Government without delay.

In general this programme was adhered to. The fire lanes were effective as such, in that almost every fire which took place would have been much larger and more serious had the fire-lanes not existed; on the other hand this success was offset by the fact that an unusually large number of fires of medium size took place during the period October 1954—January 1955. It further appeared that the summer (in the case of 1954, an exceptionally dry summer) was not after all a close season for major fires, and the fire breaks proposed in the worst remaining area after Shek Kip Mei were never made at all because the whole area burnt out in July. On the other hand the multi-storey programme proceeded more rapidly than had been thought possible. The initial experiment at Shek Kip Mei consisted of multi-storey buildings for over 18,000 persons. Before the year was out this experiment had been completed, its results had been assessed as satisfactory, and similar accommodation had been built elsewhere for nearly 30,000 additional persons.

FIRES AND FIRE VICTIMS

The era of the great squatter fires was brought to a close during the year under review, since all the major remaining fires either took place during the year or were permanently avoided through the progress of clearance and resettlement measures. No future squatter fire could represent such a serious catastrophe as the fire at Shek Kip Mei. At the beginning of the calendar year 1954 there were over 27,000 victims of the Shek Kip Mei squatter fire encamped in temporary shelters on the streets of the nearby Shamshuipo district. The remainder of the persons who had lost their homes, estimated at 26,000, had contrived to make their own arrangements either by renting alternative accommodation or by staying with friends and relations. A vast programme of direct relief was under way, and the first units of temporary emergency accommodation were completed on the site of the fire in February, 1954. The policy was to build temporary two-storey and three-storey buildings as quickly as possible for those fire-victims who had found no alternative but to camp out on the streets, and to rehouse in eight permanent six-storey buildings those whose needs were not so immediate. In March about one thousand squatters lost their huts in a fire at Tsun Wan, but these were rehoused during the summer in a newly opened resettlement area at Tai Wo Hau, Tsun Wan. The clearance of five wide lanes through the Tai Hang Tung squatter area, which lay north of the Boundary Street polo ground, was to have been carried out during August and the preparatory work was virtually completed by mid-July. But on 22nd July, 1954 the whole Tai Hang Tung area was burnt out in the third largest squatter fire of the Colony's history. 18,000 persons lost their homes. The streets of Shamshuipo, which had just been cleared of the victims of the earlier fire, were again filled with temporary shacks. The cost of direct relief measures—unproductive but unavoidable—was again running at about $40,000 a day. The possibility of developing the new fire site with permanent resettlement buildings was urgently examined by the Public Works Department. The resettlement of the remaining Shek Kip Mei fire victims, some 20,000, was deferred and those of the new fire victims who were encamped on the streets were given precedence for rehousing in the new six-storey buildings at Shek Kip Mei, which were fortunately nearing completion. Meanwhile several small fires rendered 17,000 more persons homeless.

On 1st October, 1954 there were two serious fires, one at Li Cheng Uk in Shamshuipo, and one at Tin Hau Temple Road, Causeway Bay. Each was held and extinguished on a recently constructed fire lane. The majority of the persons affected by both fires took refuge on the streets, awaiting resettlement. In December, 1954, and January, 1955, two squatter fires occurred in Hung Hom, and in the course of November, 1954, there were three fires in the Tai Po Road squatter area which led to an important reappraisal of the policy towards squatter fires and fire victims. The Tai Po Road squatter area had a total population of about 6,000 persons, but during the autumn of 1954 two substantial fire lanes had been driven through the area, dividing it into three distinct sections and thus limiting the fire risk. Between 20th and 26th November, 1954 three fires took place and destroyed these 3 sections one by one. There was clear evidence that the second fire was the result of arson and the third was never satisfactorily explained. There was no reason to suppose that there was any political motive or background, but it was necessary to assume that a few unscrupulous persons were not above exploiting, for their own ends and without regard to the hardship and loss caused to others, the relief and resettlement measures which the Government had put in hand for the benefit of squatter fire victims. The Urban Council undertook an immediate review of this unwelcome situation:—as regards direct relief in the form of free food it was suggested that the Government's previous policy might have erred on the generous side; and whilst fire victims could by no means look forward to immediate resettlement it was certainly true to say that in the past the resettlement of fire victims had been given a high priority; what was more important, the temporary street-shacks which fire victims were permitted to build whilst they were awaiting resettlement, squalid as they were, represented rent-free accommodation comparable with that for which most of them had paid exorbitant rents in squatter structures. It appeared that a fibre-board street shack cost no more than $30—$40 to erect, but that the same space in a squatter hut, less conveniently placed for the centres of employment, might cost $15—$20 a month in rent. On the advice of the Urban Council the Government announced, at the end of 1954, that the victims of future squatter fires would in general receive free food for no more than one month and that a fire would in no circumstances be a short cut to resettlement.

There was one squatter fire of medium magnitude during the remainder of the period under review, namely a fire at Li Cheng Uk on 9th January, 1955, which put 5,000 more persons on the streets of Shamshuipo. This fire, like the previous one in the same area, was held on a new fire lane. The most significant of these unfortunate events had passed almost unnoticed, so far as its effect on the overall resettlement programme was concerned. Most fires had happened in the wrong places, in that either they freed no land at all for immediate constructive development, or at best, as in the case of the Shek Kip Mei fire, they freed no more land than was needed to rehouse the persons affected. The basic dilemma remained unsolved:—land is needed, so squatters must be moved, but they cannot be moved until land is freed on which they can be resettled. The Tai Hang Tung fire however freed a level site on which perhaps 35% more persons than had previously lived there could be quickly rehoused in emergency multi-storey housing, so that the margin of accommodation so necessary for an effective long-term programme could at last be produced.

THE OVERALL PROGRAMME

During the last three months of 1954 the eight six-storey buildings at Shek Kip Mei were completed and occupied, and the construction of eight more buildings, each of seven-storeys, was authorized on the site of the Tai Hang Tung fire. This was not high-grade housing. It was emergency accommodation built to meet a grave emergency. A

family of five adults was housed in one room measuring 120 square feet and smaller families were required to share a room. Thirty or forty such rooms shared one communal water tap and three communal flush latrines. The decision to accept this type of sub-standard housing as the answer to the overall squatter problem was not lightly taken. The main arguments which led the Urban Council and the Government to conclude that these multi-storey buildings should be built on a large scale were as follows:—first, it would bring to working class people, for the first time since the war, fire-proof and weather-proof housing, within reach of the main centres of employment, at a rent bearing a reasonable relation to their earnings; second, the revenue accruing from rents would represent a reasonable return on the capital expenditure from public funds; third, the buildings were so designed that each pair of rooms could at a future date be converted into one self-contained flat; fourth and most important, there was no alternative except to do nothing and await the fires which would inevitably take place, leaving tens of thousands of persons homeless and costing the taxpayer millions or tens of millions of dollars in unproductive relief measures alone.

The departments concerned were accordingly instructed to press on with a large-scale multi-storey resettlement programme as quickly as possible; the terms of the instruction were unusual, in that they required the expenditure of as much money as possible within the shortest possible time. By now it was clear that progress could at last be planned, since the buildings already being erected at Tai Hang Tung would provide a margin of spare accommodation; this margin could be used for the first stage of a "decanting" process, that is to say a series of clearance operations in which increasingly large areas, formerly sterilized by the presence of illegal structures, could be freed, step by step, for the construction of permanent resettlement buildings. There arose the conception of a vast multi-storey estate, which would house nearly 45,000 persons, between the Tai Po and Castle Peak Roads. By the end of the period under review the clearance of nearly 13,000 squatters from the site of this proposed estate was virtually complete—most of the persons cleared were rehoused in the new Tai Hang Tung Estate—and plans for the construction elsewhere of similar accommodation for an additional 30,000 persons were far advanced. The programme included the demolition by stages of the temporary two-storey buildings which had been built at Shek Kip Mei just after the fire and the building on the site of permanent seven storey buildings.

The decision to undertake the construction of permanent multi-storey resettlement buildings at the public expense meant that the main stream of resettlement would henceforth be into the new multi-storey estates. It did not mean that resettlement in cottages or hut-type structures would cease, and indeed over 12,000 former squatters were resettled in such structures during the year. The policy proposed by the Urban Council and accepted by the Government was as follows:—resettlement should be either in completely permanent structures or in completely temporary structures, and temporary structures should be permitted only in the remoter areas where the land is less valuable and is unlikely to be needed for permanent development for some years to come. Home ownership should not be permitted except in the sense that a person resettled in a temporary structure might own the materials of which his structure was built.

MULTI-STOREY RESETTLEMENT BUILDINGS

The construction of permanent resettlement buildings is entirely the responsibility of the Public Works Department. The Resettlement Department plays no part in these affairs until it takes over the completed buildings. During the year seventeen buildings of six and seven storeys, comprising 8,500 rooms to house 50,000 persons, were designed, completed and handed over; all this work, together with connected water supply, site formation, drainage works and road construction was completed on schedule or sooner. When the eight proto-type buildings at Shek Kip Mei were occupied they were subjected to very careful scrutiny, in order to determine what improvements in design should be made in the light of experience. Surprisingly few suggested themselves. It was decided that future buildings could reasonably be of seven storeys instead of six and should have flat roofs strengthened and fenced so that they might add to the recreational space. Another quite important improvement was to be the provision of communal bathing rooms on the scale of about one to every thirty five domestic rooms. These bathing rooms would have no water laid on but would consist simply of seven partitioned stalls where settlers could take a bath by the bucket and scoop method. A further modification was the conversion of a number of ground-floor rooms into shops measuring 240 square feet in which those who had kept substantial shops could continue in business provided they were able and willing to pay a realistic rent of $100 a month. Other improvements related chiefly to the installation and positioning of electric lighting, the provision of brackets for clothes lines and other minor matters.

These buildings were so designed that they could be converted at a later date into orthodox self-contained flats. Each flat would be of about 250 square feet, including a small private balcony, and could probably be let for about $40 a month. There was no way of foreseeing the social and economic developments which would in the future determine how soon and to what extent such conversion could be carried out; but it was considered that this potentiality would ensure that the buildings would always be an asset to the Colony. By the end of the year the Architectural Office of the Public Works Department had produced standard drawings which made it possible to put together working drawings and specifications for a building contract at very short notice. The buildings need not be of the same size but may be varied in size to suit any particular site. The largest building constructed during the period under review is situated at Li Cheng Uk near the north end of Tonkin Street, Shamshuipo. It is a seven-storey building and contains eight hundred and forty rooms. Once the piling had been completed this building was finished in about eight weeks. The Tai Hang Tung Estate was completed in 6 months. By the end of March seventeen permanent buildings of six or seven storeys, containing in all 8,518 rooms were completed and plans for the construction of an additional twenty five seven-storey buildings, containing 12,698 rooms, were well advanced.

It had from the start been argued that whilst a great deal of money would undoubtedly have to be spent on the clearance and resettlement of squatters, there was no reason why the rents to be paid by resettled squatters should not be as far as possible related to the capital and recurrent expenditure from public funds. Whilst it was appreciated that there was obviously a limit to the amount which the new settlers could afford to pay in rent it was generally agreed that the rents should, if possible, include no greater element of subsidy than the rents charged in orthodox non-profit-housing projects. For such projects Government normally offers the following assistance:—site formation costs are charged to public funds, land is granted at one half of the upset price and funds required for capital expenditure are advanced by Government and repaid over forty years at 3½% per annum interest. Apart from this assistance such housing projects as those undertaken by the Hongkong Housing Society and the newly formed Housing Authority must pay their way. When the experimental six-storey re-

settlement project was put in hand at Shek Kip Mei the initial rents were fixed arbitrarily at $10 a month for each room, with an additional $1 a month for the communal mains water supply, but the legislation which was enacted to govern the administration of the new estates provided specifically that the rent might be varied from time to time. By the time the building of the Tai Hang Tung resettlement estate was authorized enough was known of the capital and recurrent costs to make a provisional calculation of the "economic" rent—economic, that is to say, in the sense of being calculated on a basis similar to that applied to orthodox low-cost housing projects. The only difference in the method of calculation was the inclusion of site formation costs in the capital outlay on which resettlement rents were to be based. This calculation indicated that the rent of each room should be $14 a month, including the element of $1 for water. This was accordingly the rent charged at the outset in Tai Hang Tung, and rents in the six-storey buildings at Shek Kip Mei were raised and brought into line.

The calculation is printed below. The unit chosen for the purpose is the standard seven-storey block containing 432 rentable rooms, certain rooms being set aside as communal bathrooms and for administrative purposes.

CAPITAL COST OF ONE BLOCK OF 432 RENTABLE ROOMS

	HK$
Value of land (23,000 sq. ft. at $10 a foot)	230,000
Cost of construction (including an element for average cost of site-formation and piling)	780,000
Add 2% of construction cost to cover P.W.D. supervision, etc.	15,600
Overall completed cost of one block	1,025,600

ANNUAL OUTGOINGS, INCLUDING CAPITAL REPAYMENT, IN RESPECT OF ONE BLOCK

Amortisation, that is the annual sum to be repaid in order to write off in forty years a loan of $1,025,600 bearing interest at 3½% compound	48,026
Crown rent at normal rate of $800 an acre per annum	418
Maintenance of building at ½% per annum on cost of construction	3,900
Estimated administrative and miscellaneous recurrent expenditure	12,895
Overall outgoings for one block per annum	65,239

The above figures indicated that rents accruing from one block of 432 rentable rooms should total $65,239 per annum. The monthly rent for one room should accordingly be $\$\frac{432 \times 12}{65,239} = \$12.50$. $1 a month was added for water and 50 cents for bad debts, voids, etc., and the rent was fixed at $14. In fixing the rent at this figure Government instructed that the position should be re-examined from time to time in order to ensure that the calculation remained valid. By the end of March it appeared that the figure allowed for administrative and miscellaneous expenditure was too low but that the decision to let pairs of ground floor rooms as shops at $100 a month might well offset this factor. The position was to be reviewed in detail during the summer of 1955. An encouraging fact was that although rents from the multi-storey estates were running at over $1½ million per annum at the end of the financial year, only $126 had so far had to be written off as irrecoverable arrears of rent.

It is necessary to emphasize that the resettlement of squatters is not a welfare operation. It is the removal of a very serious fire risk, health risk and threat to public order, and it is undertaken in the interests of the community as a whole. But it cannot be regarded as a once-for-all operation, to be carried out and forgotten. At the end of the year under review it was known that out of the whole urban population one person in every ten would shortly be resident in a resettlement area or estate, most of them living as direct tenants of the Government in buildings owned by the Government. Squatter areas are virtually incapable of normal administration. As they have no roads and cannot therefore be policed by normal methods they naturally attract the drug trafficker, the petty gangster and other criminal elements. They are ideal for the small scale industrialist who wishes to evade the provisions of the law governing factories. They have neither drains nor mains water supply and cannot conform with even the most primitive health requirements. There can be no control over the layout and design of the structures or over the use to which they are put, for the structures are themselves illegal. For these reasons the persons who live in these areas, whilst the majority are law-abiding folk and potentially good citizens, lie virtually outside the scope of the administration. They pay no taxes, they buy their food in illegal shops and markets, they may work in an illegal factory, their children probably go to an illegal school and their home is in an illegal building. It is not to be expected that these people will in general have any proper understanding of the privileges and obligations of citizenship. These are the persons who are becoming the direct tenants of Government as the resettlement programme proceeds. These are the persons who, if the resettlement estates are to be successful, have to be assisted to build up orderly communities; they have to learn self-respect and respect for the rights of their neighbours; they have to be taught to make the best of the simple accommodation provided, to forget the defeatist attitude towards dirt and disease which pervades the squatter areas, to make their small contribution to the Colony's revenue and to take advantage of such social services as the Colony is able to offer to her people. They are the new citizens. A random group of ten persons in a Kowloon street probably contains at least one of them.

The taxpayer is investing $50 million in the resettlement programme and it is the responsibility of the department to safeguard this investment and to ensure that it pays the dividends, as the years go by, which the taxpayer is entitled to expect. Having regard to the origin of these settlers it sounds like a task which would defy the ingenuity of any administrative machine; and it must be admitted that the events of the year under review did more to emphasize the difficulties than to point the way to their solution. But there is one factor which is favourable, namely the basic characteristics of the Cantonese people. The people are always reasonable, always good-humoured. They may not be educated but they are civilized. The task of educating them to live together in crowded conditions, to pay their rent promptly and gradually to improve their standards of hygiene, their respect for themselves and each other and their pride in the community will be a slow process, but there is reason to hope that it will be a successful process.

STATISTICS OF POPULATION IN RESETTLEMENT ESTATES & AREAS

	Population on 1 April 1954	Population on 31 March 1955
Resettlement Estates		
Shek Kip Mei	8,653	53,475
Tai Hang Tung	—	13,123
Resettlement Estates Totals	8,653	66,598
Temporary Resettlement Areas		
Chai Wan	9,648	10,675
Fu Tau Wat	1,145	1,381
Healthy Village	880	848
Soo Kun Poo	1,394	1,649
Mount Davis	1,539	1,682
Ngau Tau Kok	1,716	2,314
Chuk Yuen	—	3,394
Tung Tau	4,636	5,372
Shek Shan	514	536
Homantin & King's Park	20,950	25,542
Tai Hang Sai	2,416	2,465
Lai Chi Kok	1,068	1,224
Tsun Wan	—	1,142
Resettlement Areas Totals	45,906	58,224
Grand Totals	54,559	124,822

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

For the week of 6th to 11th February 1956.

U.S.$

Feb.	T.T. High	T.T. Low	Notes High	Notes Low
6	$590¾	590½	588	587⅝
7	590¾	590⅜	588¼	587½
8	590⅜	589	587⅝	586
9	590¼	589	586⅞	586¼
10		Holiday		
11		Holiday		

D.D. rates: $588¾ High, 587 Low.

Trading totals: T.T. US$1,620,000; Notes cash US$310,000, forward US$ 1,130,000; D.D. US$240,000. The market turned quiet and easier on profit taking liquidation before the Lunar New Year. In the T.T. sector, offers from Bangkok, Japan and Korea were rather strong and buyers satisfied. In the Notes market, notes came in from Korea, Japan and the Philippines, while shippers were not keen in shipping them to US because of the small profit; thus stock increased and interest for change over favoured sellers and amounted to $2 per US$1,000. Speculative positions taken totalled US$1¼ million. In the D.D. sector, market was very quiet. Po Sang Bank remains strongly entrenched in US currency business and often by its operations determines changeover interest. Dealings with that bank has got many merchants into trouble as their funds in the US were subsequently frozen. This bank remains principal native bank connected directly with Peking and Canton.

Yen: Some small transactions were recorded in forward and interest was fixed in favour of sellers at $7.14 per Yen 100,000. Spot quotations were $1,440—1,430 per 100,000.

Far Eastern Exchange: Highest and lowest TT/DD rates per foreign currency unit in HK$: Philippines 1.84—1.815, Japan 0.01475—0.0146, Malaya 1.88, Indochina 0.06756, Thailand 0.2717—0.2702. Sales: Pesos 170,000, Yen 45 million, Malayan $160,000, Piastre 4 million, Baht 2 million. The market was quiet. Actual volume of business is larger than above turnover figures indicate; non-market transfers among private persons and by brokers without local exchange market contacts are frequent. Other Far Eastern currencies besides above-named are also transacted, mainly TT or by private letter arrangement, but local market does not specially quote or register them.

Chinese Exchange: Local free market works to advantage of people in China, Taiwan and of overseas Chinese in Southeast Asia. Official rates of Peking and Taipei, however, always appear, on basis of local free rates, overvalued. The local market quoted last week for People's Bank yuan (Peking) HK$1.60. This rate is fairly stable and little business is transacted so that often one may call this rate a nominal one. The official rate in Peking has remained unchanged for a long time at 0.427 yuan per one HK$ or one yuan values HK$ 2.342. Against the free rate here the People's Bank yuan is discounted by 32%.

The Taiwan yuan is officially quoted in Taipei at 2.73 yuan per HK$ 1, or HK$ 3.663 per 10 yuan. The local free market, usually quite active in Taiwan currency both notes and transfers by various means and methods, quoted last week for yuan notes $145—150, and for transfers in and out of Taipei $150—151 per one thousand yuan. The discount of the Taiwan yuan against the HK$ is about 41%. On local market about 10½ Taiwan yuan buy one Peking yuan.

In view of increased production and exports in China, the so-called People's yuan is firm and no alteration of the exchange rate can be expected. There has been progress in most economic fields in China and a mild export drive is underway. This drive is bound to gain momentum. Hongkong has witnessed considerable expansion of shops and stores, partly owned by the People's government or its foreign trade branches, selling a growing variety of commodities grown or made in China. The consumer in China is being deprived of much domestic produce and many manufactured commodities as they are being exported, and will be exported in rising quantities; however he will or is supposed to be satisfied in the knowledge that thus the industrialisation of China will be achieved in a shorter period of time. Sacrifices have to be borne. Hongkong manufacturers have seen a growing volume of products exported from China to so-called traditional markets of Hongkong; competition for local exporters and manufacturers, on account of China's export drive, is thus growing. Even the Hongkong public is diverting increasing amounts of money for purchases of China-made products rather than for local products. Quality remains low in all ranges of China commodities offered for sale but the price is usually equally low. These many and still expanding shops selling food and commodities from China are, when calculating the future position of the yuan, a clear indication that the exchange rate will continue strong.

Bank Notes: Highest and lowest rates per foreign currency unit in HK$: England 15.82—15.79, Australia 12.25, New Zealand 13.68—13.67, Egypt 15.20, South Africa 15.45, India 1.1825—1.18125, Pakistan 0.905—0.90, Ceylon 0.92, Burma 0.66, Malaya 1.84, Canada 5.865—5.85, Philippines 2.005—1.98, Macao 0.985—0.98, Switzerland 1.35, France 0.0147—0.0145, Indochina 0.0705—0.0675, Indonesia 0.168—0.165, Thailand 0.259.

Gold Market

Feb.	High .945	Low .945	Macao .99
6	$256¾	255½	Low 265¼
7	257	256½	266 High
8	256¾	256¼	
9	256¾	255¾	
10		Holiday	
11		Holiday	

The opening and closing prices were $255½ and 255¾, and the highest and lowest were 257 and 255½. The market was quiet, but prices, contrary to those of US$, were quite steady on good demand for cash and because of small stock. Interest for changeover favoured buyers and amounted to $2.45 per 10 taels of .945 fine. Tradings were small and totalled 15,600 taels or averaged 3,900 taels per day, and positions taken by speculators figured at a daily average of 10,500 taels. Cash sales amounted to 11,720 taels, of which 2,220 taels listed and 9,500 taels arranged. Imports were all from Macao and totalled 9,000 taels. Expenses for transporting illicitly gold from Macao to Hongkong have been increased by $1 per tael. Exports figured at 12,000 taels (6,000 to Singapore, 4,000 to Indonesia, 2,000 to Rangoon). Differences paid for local and Macao .99 fine were $12.70—12.60 and 12.20—12.00 respectively per tael of .945 fine. Cross rates in the Exchange were US$37.77—37.75. 8,000 fine ounces were contracted at 37.75 C.I.F. Macao.

For a long time no seizures of gold on its way to overseas consumers or when being "reexported" from Macao to Hongkong have been reported. This complicated entrepot trade (first into Hongkong in transit for Macao, duly covered by licence, then illicit reshipment from Macao into HK, and finally illicit export from here to Far Eastern destinations) is well organised and no interference appears possible. It is rumoured that protection money is at times being paid. However a few individual small-time smugglers get sometimes caught when they are fined for having tried to import or export gold bullion without having first obtained a licence; confiscations are usually avoided. The unlucky ones are the import smugglers from the Philippines. A few have been caught, as a result of this trade being not organised and reward-prospects make enemies out of friends. Philippine-mined gold tries to 'muscle' in on the local market which is dominated by gold supplied by the London market. Every ounce of

Philippine gold sold here, i.e. for export to SE Asia, harms the business of the vested bullion trade.

Silver Market: The market was quiet with stagnant prices. Bar silver quoted at $6.05 per tael with 200 taëls traded, $ coins at $3.92 per coin with 500 coins traded, and for 20 cent coins at $3.00 per 5 coins.

HONGKONG SHARE MARKET

In spite of the approach of the Lunar New Year, the local stock market was active throughout last week. The total turnover amounted to $6.6 million representing an increase of more than one million dollars over that for the previous week. Leading popular shares registered gains and the closing rates were firm on Friday. Dividend speculation was one of the main stimulations to the market.

HK Banks gained $30 during the week and Union Ins. improved by $15. Wheelocks were very firm at $8.90; over 60,000 shares changed hands during the week. Star Ferries failed to retain the price of $145; 100 shares were transacted on Thursday at $143 but the quotation eased to $141 on Friday. HK Lands reached $64 but later lost 50c and closed at $63.50. Telephones touched $35 on Wednesday when 2,000 shares were traded but later declined to $34.75. Dairy Farms were very popular and gained 30c on the week. Watsons went up to $13 on Tuesday when 4,700 shares changed hands but with the drop in demand, price returned to $12.60 on Friday.

HK & FE Invest. lost 10c during the week after touching $11.50 on Thursday. Hotels first eased to $17.60 but firmed up to $18.10 on the last two days. Trams also lost 10c during the first two days but closed on Friday at $25.30. Lights (o) dropped from $23 to $22.60 but later recovered to $22.80; Lights (n) lost 50c on Tuesday but returned to $18.80 on Friday. Wharves, Realties, Amal. Rubbers, and Textiles registered slight losses:

Shares	Feb. 3	Feb. 10	Up or Down
HK Bank	1750	1780	+$30
Union Ins	995	1010	+$15
Wheelock	8.65	8.90	+25c
HK Wharf	72 s	70	—$2
HK Dock	33.50	33.50	steady
Provident	15.40	15.60	+20c
Land	63	63.50	+50c
Realty	1.70 s	1.625 s	—7½c
Hotel	17.70	18.10	+40c
Trams	25.10	25.30	+20c
Star Ferry	145 s	141 b	—$4
Yaumati	106	107	+$1
Light (o)	23	22.80	—20c
Light (n)	18.80	18.80	steady
Electric	44	44.75	+75c
Telephone	34	34.75	+75c
Cement	37.75	39.50	+$1.75
Dairy Farm	18.30	18.60	+30c
Watson	12.60	12.60	steady
Yangtsze	6.90	6.90	firm
Allied Investors	5.55	5.60 s	+5c
HK & FE Invest	11.40	11.30 b	—10c
Amal Rubber	1.825	1.80	—2½c
Textile	5.65 s	5.50	—15c
Nanyang	7.60	7.70	+10c

Monday: The market was fairly active with prices moving within a narrow range. Fractional advances were registered in Wheelocks, Cements, Telephones and Wharves. The turnover for the day amounted to approximately $1,480,000. **Tuesday:** The market ruled steady in a day of moderate trading and apart from China Lights (Partly Paid) prices were fractionally better where changed. The turnover for the day amounted to approximately $1,570,000. **Wednesday:** Main interest during the half day session was centred in Cements which were marked up to a new current high of $39. The undertone was steady throughout with fractional gains registered in several of the popular counters. The turnover amounted to approximately $570,000. **Thursday:** The market continued to show satisfactory progress on the eve of Lunar New Year with prices hardening under steady demand which was well spread. H.K. Banks, Hotels and Yaumati Ferries tacked on fresh gains and elsewhere prices were well maintained. The turnover for the day amounted to approximately $1,400,000. **Friday:** The market ruled steady on the closing day of the week with further gains registered in H.K. Banks, Unions and Cements. There was also some renewed activity in China Lights (Partly Paid) with approximately 23,000 shares changing hands from $18.40 up to $18.80. The undertone throughout remained steady to firm and the turnover amounted to approximately $1,590,000.

LAST WEEK'S CLOSING RATES

H.K. Govt. Loans

3½% Loan (1934 & 1940), 93¼ nom.
3½% Loan (1948), 93 b.

Banks

H.K. & S. Bank, 1780 b; 1790 s; 1780 sa.
H.K. & S. Bank (Lon. Reg.), £98 nom.
Chartered Bank, 44/- nom.
Bank of East Asia, 238 nom.

Insurances

Union Ins., 1005 b; 1010 sa.
Lombard Ins., 56½ b.
China Underwriters, 9.10 b; 9¼ s.

Investment Companies

Allied Investors, 5.45 b; 5.60 s.
Yangtsze Finance, 7 s; 6.90 sa.
H.K. & F.E. Invest., 11.30 b.

Shipping

Douglases, 255 nom.
Indo-Chinas (Pref), 15 nom.
Indo-Chinas (Def.), 41¼ nom.
U. Waterboats, 25.10 b.
Asia Nav., 1.075 b.
Wheelocks, 8.80 b; 8.95 s; 8.90 sa.

Docks, Wharves, Godowns, etc.

H.K. & K. Wharves, 70 b.
Sh. Hongkew Wharves, 1.15 nom.
H.K. Docks, 33 b; 33¾ s.
China Providents, 15.40 b; 15.60 s; 15.60/½ sa.
S'hai Dockyards, 1.45 b.

Mining

Raub Mines, 3½ nom.
H.K. Mines 5c b.

Lands, Hotels & Bldgs.

H. & S. Hotels, 18 b; 18.10 s; 18/18.10 sa.
H.K. Lands (Old), 63½ b; 64 s; 63½ sa.
H.K. Lands (New), 61½ b; 62 s.
S'hai Lands, 1.10 nom.
Humphreys (O), 20 s.
Humphreys (N), 18.60 b.
H.K. Realties Ex. All, 1.60 b; 1.625 s.
H.K. Realties (Rights), 60c b; 65c s; 60c sa.
Chinese Estates. 264 nom.

Public Utilities

H.K. Tramways, 25.20 b; 25.40 s; 25.30 sa.
Peak Trams (F. Paid), 75 nom.
Peak Trams (P. Paid), 40 nom.
Star Ferries, 141 b.
Yaumati Ferries, 106 b; 107 s.
China Lights (F. Pd.), 22.80 b; 23 s; 22.70/.80 sa.
China Lights (Partly Pd.), 18.70 b; 19 s; 18.40/.80 sa.
H.K. Electrics, 44½ b; 44¾ s; 44½ sa.
Macao Electrics (Old), 9.60 b.
Macao Electrics (New), 8.30 b.
Sandakan Lights, 8¾ nom.
Telephones 34½ b; 35 s; 34¾ sa.
Shanghai Gas, 90c nom.

Industrials

Cements, 39½ b; 39¾ s; 39/39½ sa.
H.K. Ropes, 15 b.
Metal Industries, 1.80 nom.

Stores &c.

Dairy Farms, 18½ b; 18.60 s; 18.60 sa.
Watsons, 12.60 b; 12.60 sa.
L. Crawfords, 35 b.
Cald. Macg. (Ord.), 33½ nom.
Sinceres, 1.90 nom.
China Emporium, 9.40 nom.
Sun Co., Ltd., 1.60 nom.
Kwong Sang Hong, 169 b.
Wing On (H.K.), 54½ b.

Miscellaneous

China Entertainments, 18.90 nom.
International Films, 20c b; 20c sa.
H.K. Constructions, 6 nom.
H.K. Constructions (F. Paid 1955), 4.90 nom.
Vibro Pilings, 23½ b; 23½ sa.
Marsman Investments, 6/- nom.
Marsman (H.K.), 65c nom.

Cottons

Ewos, 85c nom.
Textile Corp., 5.60 s; 5½ sa.
Nanyang Mill, 7.65 b; 7.80 s.

Rubber, etc. Companies

Amalgamated Rubber, 1.775 b; 1.825 s; 1.80 sa.
Ayer Tawah, 5 b.
Java-Consolidated Estates, 1 nom.
Langkat, 2.125 b.
Rubber Trust, 2.40 b; 2½ s.
Shanghai Kelantan, 1.10 b; 1.20 s.
Shanghai Sumatra, 3½ nom.
Sungala, 3.40 b.

DIVIDEND

The Humphreys Estate and Finance Company Limited announced a dividend of $1.40 per old share and 70 cents per new share (free of tax).

INVESTMENTS IN THAILAND

The Government of Thailand has recently announced its industrial promotion policy. Industrialists, both Thai nationals and foreigners, will be given government assistance and certain privileges as follows: (a) machineries for new factories or for the expansion of existing ones will be exempt from the payment or be charged reduced rates of import duties; (b) industrialists will be granted tax exemption or tax reduction for a period of time; (c) materials which have to be imported will be exempt from the payment or be charged reduced rates of import duties for a period of time; (d) finished products will be allowed for export without the payment or charged reduced rates of export duties; (e) indigenous manufactures will be given protection by the imposition of restrictions on the importation of the same types of goods; (f) the repatriation

HONGKONG AND FAR EASTERN TRADE REPORTS

Trading with S.E. Asia remained brisk during the first ten days this month. Korea sent here more letters of credit; Taiwan made more purchases in metals, pharmaceuticals and industrial chemicals; while China ordered a substantial quantity of fertilizers through one of the leading firms here. Trade with the Philippines registered considerable improvements. Japan's purchases here remained active in China produce and metal scraps.

TRADE DEVELOPMENTS

Trade Restrictions: US has agreed to permit the entry of unaccompanied baggage from HK on and after February 8th, if covered by the Tourist Comprehensive Certificates of Origin. AUSTRALIA announced new import tariff on rubber products, felt and woollen manufactures, and lamps.

China Trade: China signed a 1956 trade and payments agreement with Hungary covering metals, ores, raw materials for the chemical and textile industries, and agricultural products to Hungary in exchange for agricultural machinery, instruments, drugs, automobilies, oil products etc. from Hungary.

Meanwhile, a Sino-Mongolian trade protocol for 1956 was concluded; China would supply Mongolia with rice, dried and fresh fruits, tobacco, silk fabrics and other consumer goods in return for horses, hides and other animal products. Peking ordered from a Belgian firm 425,000 tons of chemical fertilisers for shipments during the period from July 1956 to June 1957. To the local market China intensified her exports, especially the sundry provisions to meet the seasonal demand of the Lunar New Year. China also signed a contract with a leading British firm here for the purchase of 60,000 tons of fertilisers.

Taiwan Trade: Taiwan exported 580,000 tons of sugar last year, with Japan as the leading buyer (400,000 tons). Taipei announced new export floor price for garlic: HK$8 per case of 100 lbs FOB. Taiwan sent here more sugar, tapioca starch, fruits, pickles and miscellaneous cereals and in return purchased more mild steel plates, galvanized iron wire, iron pipes, pig lead, zinc slabs, industrial chemicals, electric supplies, machine parts, pharmaceuticals and teaseed cakes in the local market.

Japan Trade: Tokyo has increased prices for iron and steel products. Japan's purchases from here consisted mainly of China produce and metal scraps.

Korea Trade: The development of Korea-Japan trade has not yet affected HK-Korea trade. Letters of credit reached here from Seoul totalled over US$2 million mostly for wool tops, woollen yarn, staple fibre yarn, industrial chemicals, and paper.

Indonesia Trade: New exchange regulations were enforced by Djakarta stipulating that no US currency exchange would be granted for imports from places outside the dollar area except Japan, Mexico and Yugoslavia. An import ban on torchlight batteries was enforced by Indonesia; manufacturers here believed that this was only a temporary measure because Indonesia's own output was insufficient to meet the domestic demand. Shipments to Indonesia were expedited before the Lunar New Year; many small orders for sundry goods were received.

Thailand Trade: Bangkok was planning to lower the export duty on farm produce to encourage exports, particularly to the Sterling area. The Bangkok market was overflobded with imports creating a tight money situation and a bearish market. Bangkok was also considering to mark down the export price of rice to attract more orders. Thailand's purchases from here consisted of textiles, paper, pressure lantern, earthenware, enamelware, and cotton yarns.

Indochina Trade: Vietnam accorded preferential import tariff to goods of HK origin. Trading between HK and Indochina showed further improvements. More orders were received from Cambodia for textiles, vacuum flasks, enamelware, aluminiumware, torchlight, and Chinese medicines. Shipments to Vietnam remained active but no new order reached here during the period.

Philippine Trade: Manila tightened the control over imports financed with self-provided foreign exchange. New rulings require that 60% of the imports under barter trade must be essential commodities. Shipments from HK consisted of cotton yarns, textiles, socks and stockings, foodstuffs, and structural steels.

Burma Trade: Rangoon lowered the export price for SMS white rice from £42/- to £36/5 per ton FOB. To check the rising trend of commodity prices in Burma, more import licences were issued by the authorities there for wheat flour, dried fruits and preserved fruits, potato powder and chips, fresh fruits, coconut, garlic, all kinds of seeds (except coffee beans), betelnuts, all spices, vegetable oils and cheese, and betelnut leaves.

Other Countries: AUSTRALIA cancelled all export contracts of wool on account of the dock strike there. PAKISTAN concluded trade agreements with Poland and Italy. INDIA decided to cut down the output of cotton yarns from 5.5 million bales to 3.3 million bales to cope with the world market situation. SINGAPORE prohibited the re-export of wheat flour.

COMMODITIES

China Produce: Japan, Europe and S.E. Asia remained keen in various popular items; prices in general were firm. Groundnut kernel scored sharp gains on account of low stock and supply difficulties. Gallnut advanced further; stocks here were almost exhausted. Sesame seed registered substantial turnovers for export to Japan and prices firmed up; hemp seed was also favoured by Japan at steady prices. Teaseed oil advanced on demand from Europe and better price in the international market. Woodoil remained firm under steady local demand as well as purchases by S.E. Asia and Japan; citronella oil was firm on account of selling resistance; cassia oil, aniseed oil, camphor oil and peppermint oil were steady. Cassia lignea enjoyed better demand from India, Europe, and Middle East with slight price gains. Raw silk was bought by Europe; supply situation here was tight. Spun silk and silk waste were enquired for by Indonesia and Japan respectively; bourrettes enjoyed demand from Japan but, stock shortage curtailed the business; while silk wadding recorded some export transactions at steady price. Maize was purchased by Japan; feathers of HK origin by Europe: rosin, gypsum, and manganese ore by S.E. Asia; teaseed cake by Taiwan; galangal by India; menthol crystal by France and Indo-

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of investment funds and profits will be authorized; (g) the entry of foreign industrial experts and skilled workers will be allowed even if the immigration quota set for the nationals of their country will thereby be exceeded.

To be entitled to the foregoing privileges the industrial venture must fall under any of the following three categories: (1) metal industry, (2) sugar industry and (3) gunny bag industry. Furthermore, the goods produced must be of "reasonable quality", sold at a "reasonable price" and able to compete with foreign-made goods of the same category within a period of time to be specified by the Committee for Promotion of Industries.

The industries so promoted will not be nationalized. The list of industries entitled to the foregoing privileges may be broadened. Requests for assistance to industries other than those listed in the preceding paragraph will be given consideration by the government.

The following activities are, however, reserved for the State: 1. Manufacture of armaments including ammunitions and explosives, except fire-works. 2. Manufacture of cigarettes. 3. Railway service. 4. Harbour facilities. 5. Internal civil aviation service.

The following activities are open to private enterprise, subject to government concession: 1. Manufacture of spirits, liquors and beer. 2. Transport of passengers. 3. Electrical service. 4. Water-works. 5. Telegraph service. 6. Telephone service. 7. Prospecting for minerals and mining operations. 8. Prospecting for, production and refining of mineral oils. 9. Forestry. 10. Banking. 11. Insurance.

nesia and camphor powder by Africa and Near East. Dried ginger declined under slackened demand and good crop in India; dried chili went down when cost was lowered. Tea remained weak and the availability of Vietnamese cargo depressed prices further. Wheat bran of HK origin was bought by local users. Green pea witnessed satisfactory demand by local users as well as traders with Malaya and India; white pea was bought by Japan; yellow bean maintained good local sales; green bean, broad bean, black bean and string bean enjoyed only limited local demand.

Metals: The market remained active and prices of popular items moved up on low stock. Dealers here therefore booked more supplies. Mild steel plate remained popular and the shortage in some specifications pushed up the prices. Mild steel round bar was favoured by Cambodia as well as by local contractors; prices improved. Mild steel angle bar and mild steel flat bar both advanced on higher indents. Black plate advanced on short stock while black plate waste waste was stimulated by the demand from local enamelware factories. Galvanized iron sheet registered considerable speculative operations after the indent prices had advanced higher than the local market price. Galvanized iron wire recorded active trading when new supplies reached here. Tin was bought by Taiwan but the price was weak because Singapore price was marked down. Tin plate waste waste and misprint tin plate waste waste were steady under local demand. Zinc sheet gained on higher cost; copper sheet received active enquiries but low stock prevented business; while silicon steel sheet witnessed some off-price sales. Steel wire rope of HK origin was favoured by Singapore and North Borneo. Iron wire nail of Chinese origin was abundant in supply but price was maintained by steady local demand. Iron screw and welding electrode both enjoyed good local and export demand. Aluminium sheet advanced on higher Japanese indent. Salvaged steel plate was keenly sought by local factories. Iron scraps remained a favourite to Japan but the buying offers were low causing price set-backs here. Baling hoop turned sluggish under heavy stock and galvanized steel plate was depressed by selling pressure. Pulley blocks noted purchases by India at liquidation prices.

Paper: Korea and Vietnam provided steady demand; prices in general remained steady. Duplex board advanced on higher Scandinavian indents. Woodfree printing enjoyed active demand from Thailand, Vietnam and Korea; buying offers from Korea were low. Transparent cellulose paper enjoyed demand from the Philippines; prices improved. MG white sulphite recorded substantial sales to Korea; M.G. red sulphite advanced further on short stock; M.G. pure sulphite registered limited export trading; M.G. ribbed kraft dipped in some specifications; M.G cap of Chinese origin was popular. Newsprint in reels was favoured by Thailand and Vietnam; negotiations for large lots were still progressing. Newsprint in reams chalked up brisk local sales. Pitched kraft and mechanical printing firmed up as stocks dwindled. Active local demand kept bond, manifold, flint, straw board, art printing, and unglazed kraft steady. Glassine recovered on better local and outport sales.

Industrial Chemicals: The market recorded more buying support from Taiwan and Korea; many items gained on stock shortage. Linseed oil climbed up further on higher cost and keen interest of Korean traders. Barium chloride advanced under active outport enquiries and low stock. Tanning extract enjoyed brisk demand from Taiwan and Korea at steady prices. Shellac was favoured by Taiwan. Sodium perborate moved up despite the fall of indent price; sodium bichromate was active but dipped slightly; sodium nitrate improved on better demand; sodium silicate remained firm under buying support from the local users; sodium bicarbonate was bought by Korea at unchanged prices; sodium cyanide was enquired for by exporters; while sodium hyposulphite remained quiet but steady. Gum arabic and gum copal were purchased by Taiwan with little change in prices. Montan wax was still short in stock; the price moved further up. Ammonium bicarbonate was probed into by Taiwan and advanced on dwindled stock. Caustic soda and rongalite C lump both remained firm. Other Korean purchases included magnesium sulphate, soda ash, and citric acid. Taiwan also bought lead oxide, ammonium chloride, and formalin. Local items were cup grease, acetic acid, glycerine, paraffin wax, ultramarine blue, sulphur powder, and chromic acid. Zinc oxide was unable to improve although European indent cost was marked up as goods of Chinese origin were offered at very low prices.

Pharmaceuticals: Market improved with demand from Taiwan, Korea, and S.E. Asia. Taiwan purchased aspirin powder, chloroform, santonin crystal, and dihydro-streptomycin; Korea favoured ascorbic acid powder, aspirin powder, glucose powder, neosalvarsar ampoules, santonin crystal, sulfathiazole powder, sulfaguanidine powder, sulfanilamide powder, and nicotinamide; while SE Asia bought PAS powder, saccharine crystal, noversenobenzol ampoules and vitamin B powder. Local demand covered barium sulphate, caffeine alkaloid, gum tragacanth powder, penicillin preparations, PAS powder, quinine ethylcarbonate, saccharum lactose, sanatogen, sulfadiazine powder, and dihydro-streptomycin. Macao bought winter green oil.

Sundries: The sundry provisions market registered keen demand from S.E. Asia. Water melon seed was particularly active. Bamboo shoot made small gains under absorption by Thailand; lungngan of Taiwan origin scored improvements on low stock; and dried lily root recovered under purchases by Singapore. Others in seasonal demand were bean stick, glutinous rice powder, ginkgo, mushroom, olive seed, pearl barley, pop rice, red date, and preserved date, all at steady prices. Bamboo fungus, dried lily flower, lily bulb, lotus nut and ham turned slightly weaker. The sundry articles maintained light local and export sales. Oversupplied items such as nepthelene balls, flint, nail clips, rayon handkerchiefs, sewing needles, and forks and spoons registered price drops. Ink and fountain pen gained on short stocks.

Hongkong Products: Pressure lanterns enjoyed good demand from S.E. Asia countries. Bleaching factories here received more new orders from Indonesia.

Cotton Yarn & Textile: Trading slowed down on account of the approaching Lunar New Year. HK yarns remained firm; Indian yarns improved on keen demand from Thailand; Pakistan yarns were steady; Japanese yarns continued firm due to low stock and high cost; Japanese staple fibre yarns lacked sufficient improvement; while HK staple fibre yarns reported light local sales at firm prices as stocks dwindled. The cotton textile market featured sluggish trading at firm prices. Japanese white shirting remained active under better export demand.

Rice: Total rice imports here last year totalled 580,360,705 lbs in weight and $177,290,484 in value. The market registered lighter turnovers, and prices remained bearish due to increased supplies from Thailand.

Wheat Flour: The dock strike in Australia as well as the keen buying support from Malaya kept the prices at high levels in the local market.

Sugar: Trading in sugar remained sluggish. Taiwan sugar continued to arrive in large quantities, but the prices were steady. Philippine products receded as local manufacturers resold their stock. Taikoo sugar and Australian brown remained steady.